



# USAID Bangladesh STRATEGIC PLAN FY 2000 – FY 2005



## A FOCUS ON SUSTAINABLE ECONOMIC GROWTH

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## USAID BANGLADESH STRATEGIC PLAN FY 2000 – FY 2005

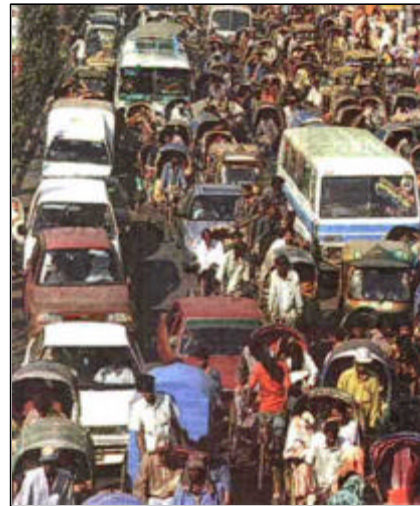
This document sets out an analysis of where Bangladesh is now, the challenges it faces over the next ten years, and the Mission's strategy and objectives for helping address those challenges. While USAID cannot help address each and every challenge, we have laid out our rationale for selecting six Strategic Objectives (SOs) based on development priorities as matched with Agency and Mission strengths. We also describe the strong interrelationships between the six SOs, and their fit within the milieu of other donor, government, and private sector activities.

While the strategic focus of the program covers a ten-year timeframe, the strategy is to be approved for the period 2000-2005 (a five-year period from the time of submitting this report in late FY 2000). The ten-year period provides a context and framework for our ongoing programs, and highlights the national, regional and international challenges that this and the next generation of programs should address. By the year 2005, the present mix of activities, and the progress toward achieving objectives, should be reviewed, and the strategy updated accordingly.

### ***PART I: BANGLADESH AT THE DAWN OF THE MILLENNIUM***

#### **A. GOVERNMENT AND POLITICS**

**A.1 How Far Has Bangladesh Come?** Bangladesh declared its independence from Pakistan on March 26, 1971 following the overturn of a stunning victory by the Awami League in Pakistan's national elections. East Pakistan's preeminent political leader, Sheikh Mujibur Rahman, headed the Awami League, and West Pakistani politicians were not prepared to have the center of power shift east. War soon broke out on the new Bangladesh soil. In less than nine months, somewhere between 1 to 3 million Bangladeshis were killed during the bloody siege by the Pakistan army. Bangladesh, with help from India, finally achieved victory when the Pakistan army surrendered on December 16, 1971.



The first years for Bangladesh were extremely tough. While trying to establish its own government and institutions for the first time in history, Bangladesh faced floods, cyclones and famines of major proportion. Sheikh Mujib, who had been a brilliant opposition leader, was not so successful in administering a nation. He tried to impose single party rule, and the opposition was stifled. By 1975, national discontent ran high, culminating in the murder of Sheikh Mujib and the overthrow of the Awami League government by a dissident army faction. A series of military rulers and coups ended only in 1991 with the return of a democratically elected government.

There has been notable progress since 1991 in institutionalizing important elements of a democratic system. The courts are largely independent at the higher levels, and the printed press is vibrant. There is a system of creating a caretaker government for the three months preceding national elections to prevent widespread abuses by the party in power. Turnouts for national



elections are high. Civil society, including the large NGO community, is permitted broad latitude in conducting its business; and there is considerable freedom of speech. The people as a whole spurn military rule, and have a deep desire to see more democratic rule and more effective government.



Political strife between the two largest parties – the Awami League and the Bangladesh National Party (BNP) – seriously complicates the growth of stable and elective government in Bangladesh. The two parties control, with their coalition partners, approximately equal camps of voters. They largely represent deeply rooted historical differences and personal alliances rather than policy differences.

Political tactics remain extremely confrontational. Countrywide strikes, marches, and parliamentary walkouts overshadow attempts to move a national agenda forward. Universities, unions, businesses, and many other parts of society are politicized.

Parliament has yet to perform as a real forum for substantive debate on legislation, policy or government performance. The dictates on legislation by the Prime Minister and cabinet generally are not opposed, and the ruling party can generally restrict opposition arguments on the floor of Parliament. Instead partisan politics in Parliament dominate the dialogue, and threats of disruption are common. Yet parliament is an institution of some promise and prestige. The committee system is new but improving. Even when the opposition party and leaders boycott sessions, standing committees generally continue to have bipartisan meetings.

Government in Bangladesh is characterized by a centralized bureaucracy and weak elected bodies. The civil service administers all levels of government down to the thana, the equivalent of a county. Local departments report to their respective ministries, making them accountable to the center rather than the local communities. Within the thanas, the Union Parishads, or councils, have been elected bodies for over 100 years. Although the Union Councils do not control many resources, there is considerable potential to expand their role, especially since both parties agree on the importance of the Union Parishads. Legislation to introduce elected local government at the next higher level, the thana, has been passed by the current government.

In its early years the government was fortunate to inherit a top quality civil service trained at outstanding schools under the old British raj. The civil service has since lost its glory, and fails to recruit the top talent available in Bangladesh. While there are still many committed civil servants and leaders in government, the enthusiasm and sense of public duty of the early days has largely given way to lack of motivation, risk aversion, red tape and corruption. The poor state of public finances contributes to the lack of initiative. Salaries consume most of the GOB budget with little left for operations or development expenditures.

While it is easy to be pessimistic about democracy and governance in Bangladesh, it must be remembered that Bangladesh never existed as a distinct entity until 1971, and that democratically elected government only came into being nine years ago. Given the commitment to democracy of



most Bangladeshis, and their innate notion of social equality and justice, there is reason for hope that the long-term future of democracy in Bangladesh is promising.

**A.2 What Role Has USAID Played?** Over the years, USAID has supported various activities related to democracy and human rights. However, a formal democracy program began only in 1995 with the introduction of two new strategic objectives – Enhanced Participation in Local Decision-making, and More Accessible and Equitable Justice, Especially for Women. These were merged into one SO in 1997 that was in turn superseded by a new SO entitled Strengthened Institutions of Democracy, approved by Washington in April 2000.

Despite the short life of the Mission's DG program, we can note some major accomplishments. USAID contributions to national elections in 1991 and 1996, and its support for the development of the Fair Election Monitoring Alliance (FEMA), have enhanced the credibility of the national election systems and awareness of the role of domestic monitoring. Our inputs and support for local NGOs working with local government policies and practices set the stage for the election of 14,000 women as Union Council representatives in 1997 local elections. Many of these representatives have since received training under USAID programs.

Women's rights have been accorded a much higher priority thanks to USAID initiatives to strengthen alternative dispute resolution councils in villages, independent labor unions in the garment industry, and NGOs which tackle domestic violence, child labor, and trafficking of women and children. Most notably, USAID, through its highly visible Democracy Partnership with The Asia Foundation and many local NGOs, helped pioneer the concept of democracy advocacy among Bangladesh NGOs. Whereas in 1995 ours was the only donor program to have a democracy promotion objective, we are now one of several. This broadened donor support, spurred to a considerable extent by USAID, has helped create and strengthen over 120 NGOs and community-based organizations that have democracy promotion as a core focus.

**A.3 Key Institutions** The following are some of the prominent and effective local institutions in the democracy and human rights sector. One asterisk notes institutions that have received significant USAID support. Two asterisks note institutions largely established and developed through USAID leadership and funding.

- Bangladesh National Women Lawyers Association\*
- Banchte Sheka\*
- Bangladesh Supreme Court
- Ain O Shalish Kendra
- FEMA (Fair Election Monitoring Alliance)\*\*
- Transparency International-Bangladesh\*
- Bangladesh Legal Aid and Services Trust (BLAST)\*
- Against Trafficking and Sexual Exploitation of Children (ATSEC)\*
- Uttaran (local government development)\*
- CARE/Bangladesh\*
- Democracy Watch
- Bangladesh Society for Enforcement of Human Rights (BSEHR)





#### A.4 Lessons Learned

- We have to work closely with STATE and the Embassy for funding, political interface, and coordination among various USG agencies. Although our democracy budget is modest, combined USG resources can be more substantial.
- We should not spread ourselves too thin amongst topics and NGOs that we support. Our program must maintain focus.
- It is challenging to link the many local human rights programs into national level democratic change.
- Our DG horizon must be long term, and we should not become obsessed with indicators showing short-term success. Success in democracy comes in uneven and unpredictable lumps, which makes the present performance rating system less useful in this sector.
- The US has a major competitive advantage in providing DG assistance, given both our experience and commitment to human rights and the promotion of democratic values.
- Transparency and rule of law are necessary for success in the global economy.
- Progress in all other sectors in Bangladesh is threatened if democracy does not continue to develop and gain strength.

**A.5 Major Trends** In the midst of the prevailing negative political atmosphere, short-term change in the abrasive and intolerant relationships between the political parties seems unlikely, even if a change in government occurs in the next election. The major parties appear locked in their battle for power with little attention paid to issues that concern the public – law and order, corruption, and ineffectiveness of politics and government.

A major change seems likely only if the people of Bangladesh effectively organize to demand reforms. Fortunately, the public demand for effective, democratic government is growing. Civil society has recently been increasingly vocal and organized on human rights violations and against both government and opposition behavior. Recent cancellations of hartals may be a first sign of civil society and media impact. Civil society can play a major role in building a consensus defining how society expects government and opposition parties to compete with each other, and how parliament should function. Over time, it should also help develop a consensus on such basic structural issues as the role of local government, and the independence of the police and judiciary.

**A.6 Regional and International Context** With the easy access to international media and the expanding international awareness of the country, democratic values are increasingly known in Bangladesh. Regionally, India's progress in creating a viable and decentralized democratic system is very visible in Bangladesh, as is the negative example set in Pakistan with its recent return to military rule. Efforts by the donor community as a whole in Bangladesh to stress human rights and democracy are increasingly coordinated and high profile. Yet reforms will largely come as a result of internal demand for good governance, and enlightened leadership.

Political developments in Bangladesh will also impact the external environment. Northeast India, Bangladesh and Nepal represent a large portion of the hard core poverty in South Asia. With



Maoist rebels gaining strength in Nepal, insurgencies still bubbling in the northeastern states of India, and the Communist Party in West Bengal still strong, a major crisis in Bangladesh could add greatly to regional instability. India would perhaps be the most affected by large-scale unrest on its northeast border, which could also complicate resolution of issues in Pakistan and Afghanistan. Such turn of events would also be significant with respect to U.S. geopolitical interests in South Asia.

In spite of its shortcomings, Bangladesh is one of the most democratic states within the Muslim world, and a leading voice among the least developed countries. It has also taken on an increasingly active role in the international community, such as Peacekeeping Operations, and recently achieved a non-permanent position on the UN Security Council. Given the importance of democracy for the advancement of LDCs, continuing to support the development of democracy in Bangladesh should remain an international priority.

## **B. SOCIAL SERVICES**

**B.1 How Far Has Bangladesh Come?** Since its independence, Bangladesh has experienced significant changes in population size and growth. In 1971, the population was 73 million and fertility was 6.4 births per woman, resulting in a population growth rate of 3.0 percent per year. The impressive success of Bangladesh's family planning program has reduced fertility to 3.3 births per woman and has slowed population growth to 1.6 percent per year. This reduction in fertility has been accompanied by a substantial increase in contraceptive prevalence, currently estimated at 54 percent. This is a major accomplishment, for the GOB and for USAID. However, the price of this success has been a huge and continuing increase in requirements for donor-financed contraceptive commodities, not to mention services. Unless the method mix changes quite substantially in favor of long-term methods, larger investments will be required simply to maintain current prevalence as the population continues to grow, with even larger requirements needed to increase prevalence and reduce fertility to replacement levels.



Significant gains have also been made in reducing mortality. Life expectancy at birth increased from 44 years in 1970 to over 58 years today. Infant and under-five mortality have been halved over the last two decades. While this decline is continuing and encouraging, infant and under-five mortality remains high at 66 and 94 per 1000 live births, respectively. Much of the reduction in mortality among children is due to the success of immunization programs and the increasing use of ORT for diarrhea. Full immunization coverage among children increased from near zero in the mid-eighties to about 54 percent in the mid-nineties. However, immunization coverage has leveled off in recent years.

Although family planning has been an important means of reducing maternal-mortality, the very limited availability and low use of other maternal health services contributes to unmeasured but undoubtedly high maternal mortality. (USAID plans to conduct a national maternal mortality survey by the end of CY 2000.) Untrained persons still deliver about 85 percent of the births, and about 70 percent of pregnancies receive no antenatal care.



In addition, malnutrition remains a problem among mothers and children. About 45 percent of children are stunted, an indicator of chronic malnutrition and the low level of overall economic and social development, and over half of women of reproductive age are malnourished. Mothers and children suffer from inadequate intake of vitamin-A and iron, although vitamin -A deficiency among children has decreased markedly with widespread capsule distribution. While the percentage of stunted children has decreased by about 1 percent per year over the past decade, in line with improved socio-economic development, wasting (acute malnutrition) has been constant at about 11 percent, indicating continuing problems with seasonal food shortages, poor child feeding practices and access to quality health care.

The achievements of Bangladesh's family planning program are largely attributable to a service-delivery strategy that provided services at clients' doorsteps, since the movement of women outside their homes was restricted. This model was also adopted by the country's less developed health services. However, in recent years, growing demand, limited resources, increased women's mobility, and the need to broaden the range of services to include more long-term, clinical methods, required a major change in this strategy. Current GOB policy is to integrate health and family planning services — previously provided through separate programs, staff and infrastructures — into an Essential Services Package (ESP). All services in the package (family planning, maternal and child health, communicable-disease control, limited curative care) will be provided by the same health workers who will gradually be pulled into a greatly expanded number of community clinics. Progress in making these transitions in the government sector has been slow, and satisfactory completion of the process will take time.

Primary education in Bangladesh is experiencing a major jump forward, with net enrollment rates now at 80 percent with gender equity. This is up over 20 percent since 1990, and the GOB can take considerable credit for investing in primary education and funding a major girls' scholarship program to boost girls' enrollment. Secondary school net enrollment is about 22 percent, with girls' enrollment lagging considerably behind boys' enrollment. The quality of public education is poor, as indicated by the literacy rate of 39 percent. Private schools and non formal education programs run by NGOs at the primary school level exhibit much better standards of quality, and it is hoped that this will begin to impact the quality of public institutions.

The good news is that Bangladeshis place a very high value on education, and are willing to pay even in the villages for their children to go to school. On the other hand, the GOB administrative structure is highly centralized, leading to a lack of initiative at all levels. The lack of an effective rapport between the donor community and the GOB officials in education is in great contrast to the outstanding working relationship of the GOB and donors in the health sector. The politicization of the major universities in the country has also been damaging, with campus violence and political intimidation affecting all students and faculty. Private universities are beginning to grow, and may hold promise for the future.

**B.2 What Role Has USAID Played?** USAID has been a key supporter of the health and family planning programs in Bangladesh since 1972, providing over \$650 million in DA funding in this sector. Most of this funding went to the family planning program, which dominated the first two decades of USAID's PHN activities. However, consistent with GOB policy as described above, USAID's emphasis since 1997 has been on the provision of integrated health and family planning services via the Essential Services Package. USAID supports 45 indigenous NGOs that provide the ESP through fixed and satellite clinics serving about 17 percent of the population.





USAID support for the Social Marketing Company has helped it become one of the premier social marketing institutions in the world. SMC supplies temporary contraceptives and oral rehydration salts (ORS) nationwide, and is beginning to market injectables. USAID also supports improved program performance in the government sector, through operations research and technical assistance in family planning logistics, development of an integrated management information system, and selected child-health initiatives, including immunization, vitamin-A, and polio eradication. In recent years, USAID's funding has come from both the Child Survival and DA-POP accounts, reflecting this more balanced approach to sector programming.



Aside from vitamin-A and a national nutrition surveillance program to assess the effects of our vitamin-A and food security activities, USAID has not been involved in nutrition under the PHN programs. Recent food-based nutrition programs under food security have focused on home vegetable gardening and the possible fortification of wheat flour, principally with vitamin A and iron. The World Bank is about to initiate a ten-year National Nutrition Program, which will be the hallmark effort in nutrition.

In education, USAID has not been an active donor for the formal system. In the 1990s approximately \$12 million has been allocated to non-formal education from food assistance, and Title II food has been consistently targeting school feeding. USAID has also supported training in various technical fields, and was the primary donor responsible for the creation and development of institutions such as the Bangladesh Agriculture University and the Rural Electrification training system. Our support throughout the years to NGOs such as BRAC has indirectly allowed these organizations to flourish and expand into education. In 1998 the Peace Corps reopened operations in Bangladesh after a long absence, with education as its main focus. To date there are 50 volunteers working in Teacher Training Institute under the GOB, helping on English language instruction.

**B.3 Key Institutions** The following are some of the prominent and effective institutions in PHN and education. One asterisk notes institutions that have received significant USAID support. Two asterisks note institutions largely established and developed through USAID leadership and funding.

- International Center for Diarrheal Disease Research, Bangladesh (ICDDR,B)\*\*
- Social Marketing Company\*\*
- Concerned Women for Family Development\*\*
- Population Services and Training Center\*\*
- Bangladesh Center for Communication Programs\*\*
- Palli Shishu Foundation\*\*
- Sopiret\*\*
- BRAC\*



- Dhaka University
- Bangladesh Agriculture University\*\*

#### **B.4 Lessons Learned**

- Increasing utilization of health and family planning services in a cost effective manner requires an integrated, client-focussed approach to service delivery.
- Clients prefer one-stop shopping, where they have access to family planning and maternal and child health services at one site.
- Improving quality of services is essential for improving program performance.
- Poor people are willing to pay for quality health and education services.
- Effective data and performance monitoring systems are needed to evaluate and improve sector performance.
- Education has been historically under funded by USAID in Bangladesh.
- Girls' education, in particular, has proven to be an outstanding development investment.
- Nutrition in Bangladesh is a complex issue requiring a multi-sectoral approach.

**B.5 Major Trends** The integration of health and family planning services and programs, the emphasis on the ESP, and the gradual shift away from doorstep service delivery to a facility-based approach are major changes that are likely to preoccupy policy makers, planners and implementers for the next several years. Systematic digestion of these changes while maintaining progress in fertility and mortality reduction will be a critical challenge requiring continuing investments by USAID and other donors. In addition, and in keeping with current policy, the GOB and donors should encourage increased privatization of the sector, a priority that has not received adequate attention so far. Health-care financing can also be expected to assume a higher profile in light of growing concerns about long-term sustainability. Specifically with respect to family planning, the GOB and USAID wish to reduce what has become an overwhelming reliance on oral contraceptives at the expense of longer-term methods that are more appropriate for many clients. A more balanced contraceptive mix might also curb substantial recurrent-cost requirements for orals, thereby enhancing program sustainability.

Through its National Integrated Population and Health Program (NIPHP), USAID has been perhaps the leader in implementing many of these reforms. Since late 1997, USAID-funded NGOs have withdrawn doorstep services and are providing essential services at fixed facilities, at satellite clinics, and, in many rural areas, through depot-holders (former door-to-door workers who now largely stay at home and have clients come to them). All our NGOs charge fees for services, with exemptions for those unable to pay. Service statistics show that after an initial stagnation in performance, there has been a steady increase in clients seeking integrated services. Although progress in changing the contraceptive method mix has been negligible, perhaps largely due to insufficient promotion campaigns and provider bias, the overall experience of these NGOs should provide important guidance to public sector reform.



GOB commitment to education seems to be real, and donor interest continues to expand. The real question is whether the GOB is prepared to undertake a major reform of its centralized bureaucracy, a precondition to improving the quality of education at all levels. The donors are negotiating as a group to establish a sector-wide education program with the GOB. If this succeeds, it will be a major breakthrough. Otherwise the trend toward private sector schooling will have to take up the slack. Hopefully the donors will consider an approach that fosters a combination of public and private education development.

**B.6 Regional and International Context** Regional health and population considerations are important between Bangladesh and India. Perhaps the foremost example is in polio eradication, where the discovery of cases in border areas needs to be quickly communicated to the other side. A USAID-financed NGO consortium will concentrate on eradication on such areas. Other infectious diseases, like TB and AIDS, also cross borders easily. A USAID-financed program with ICDDR,B will adapt India's greater experience in some aspects of TB control in Bangladesh. Experience in working with sex workers in Calcutta is likely to influence USAID's emerging HIV-prevention efforts.

On an international level, the success of Bangladesh on many PH fronts continues to provide invaluable lessons and success stories that can be replicated elsewhere. ICDDR,B represents a unique resource for research related to cost-effective solutions for population and health problems facing developing countries.

Improving the quality of education is one of the most important challenges facing Bangladesh over the next ten years. Bangladesh will have a tough time expanding its niche in the global economy beyond the highly competitive low-wage industries without rapid improvements in education. If the same level of cooperation and professionalism seen in the health sector can be replicated in the education sector, there is no reason that Bangladesh can't successfully meet the challenges it faces.

## C. ECONOMIC DEVELOPMENT

**C.1 How Far Has Bangladesh Come?** Bangladesh has reduced its rate of poverty from approximately 70 percent in the early 1970s to 40 percent today. (The present estimate of income-poverty, based on a poverty line of 2112 calories per person per day, is slightly above 40 percent, while the present estimate of human-poverty based on a Human Poverty Index is slightly below 40 percent). The rate of poverty in rural areas is closer to 50 percent, which combined with the large rural population means that 80 percent of the nation's poor reside in the rural areas. Urban poverty is now less than 25 percent. The GNP growth has averaged about 4.5 percent since independence, with the growth trend increasing slightly over time.





The continued lowering of poverty in Bangladesh has been the result of investments and programs in various sectors. Major accomplishments include a substantial increase in rice and more recently wheat production; microcredit coverage from a wide range of government and non-government institutions and programs; expansion of the rural road network; the rapid growth of the ready made garment industry; and the steady growth of the informal sector. Although the per capita income level is only about \$380 (per World Bank formula), the desperation that characterized this country in the early years of its independence is gone.

What's largely missing from the list of accomplishments is increasing incomes in the agriculture sector, and the expansion of the formal economy. In Bangladesh today, the rural areas desperately need to increase the income opportunities for agricultural laborers (the landless) by creating both farm and non-farm income opportunities. Non-farm opportunities are especially important because of the limited amount of land available for cultivation and the high population density. Increasingly the rural poor are forced to squat on precarious flood lands, leave for the city slums, or scavenge for a living. With job growth in all but the garment sector being fairly stagnant, most urban job seekers end up in the low wage informal sector, pedaling rickshaws or the like.

The causes of slow growth in the formal economy are no secret. Bangladesh, which came into existence as a relatively prosperous region, immediately undertook a massive nationalization of assets. Years of debate and lip service to privatization have yet to undo the major structural distortions. The largely state-owned banking system is saddled with a huge non-performing loan portfolio, a situation perpetuated by continued lending to inefficient SOEs. In many sectors, well-placed state institutions monopolize business, and in other sectors, private firms operate as if they were state-owned, taking political direction and state funding in return for patronage. All of this discourages open competition and new business formation.

Development of the country's infrastructure is also not keeping pace with demand. The rural road network connects to an improved highway system, but the National road system is still woefully inadequate. There are 59 km of roads per 1 million people in Bangladesh, compared to 893 km per million in India. The railroads are reliable but coverage is limited and the system is badly in need of upgrading. The Chittagong Port is one of the most inefficient ports in the world, and investors ready to help have repeatedly been spurned by the GOB in fear of the powerful unions at the port. Telecommunications services are far below international standards, and suffer from state control and regulation.

There are frequent blackouts in the energy sector. It is estimated that 40 percent of all production capacity is underutilized due to power constraints. Total power generation in the country is below 2,500 MW, and only 18 percent of the population have electricity in the home. Most industries have been forced to rely on their own high cost captured power systems for reliable service, greatly increasing their cost of production.

There are many investors eager to invest in both the power and natural gas sectors, but investors find it difficult to close deals. Recently two large new Independent Power Producer (IPP) contracts and a new round of gas block exploration contracts have been signed with foreign investors, raising hopes of possible change to come. The telecommunications industry is also constrained by an overbearing state monopoly, but here also there are recent signs of deregulation as cellular and Internet providers gradually take over a larger market share. The country as a whole needs a substantial inflow of private capital for infrastructure development, especially





when the traditional lenders such as the World Bank and ADB are shifting away from infrastructure development to poverty and social programs.

While it is easy to find fault with the economy, there are signs of encouragement. The ready made garment industry employs 1.5 million workers, and has until recently expanded its export base rapidly. Exports of shrimp and fish products are strong, and agriculture exports have great potential. The natural gas reserves of Bangladesh are largely untapped, with several initial discoveries proving to be world-class in nature. A wide variety of smaller industries operate effectively, many with connections to the UK or US that facilitate exports. Overall, GNP has been growing at about 4.5 to 5 percent over the recent years, with inflation now under 5 percent. While structural reform has been slow coming, there are small actions continually being undertaken which at least support a positive trend.

**C.2 What Role Has USAID Played?** USAID rural development programs have had a major impact on rural economic growth and poverty reduction of Bangladesh. Since independence the US has provided over \$2.2 billion in food assistance for development and poverty alleviation. This valuable resource served to feed vulnerable groups and school children, while at the same time it generated local currency accounts that financed the construction of over 30,000 km of rural roads, repair of schools throughout the country, irrigation and drainage, and sanitation facilities.

Agriculture production and research programs, totaling over \$650 million since 1971, have boosted foodgrain production and food security, and can take a big share of the credit for Bangladesh now being largely food self-sufficient. This was assisted by USAID's longstanding support for rural electrification, which now helps power most of the country's irrigation system, as well as rural industries. All together, our energy assistance has totaled over \$200 million. USAID funding for

microcredit has totaled over \$90 million, and includes support to PKSF, a government sponsored liquidity fund for NGO microfinance programs, and NGOs such as Grameen, BRAC, Proshika and others.



USAID has also provided assistance to deregulate the economy, such as the Financial Sector Reform Program of the early 1990s. Together with more recent policy initiatives to reform small and microenterprise lending, we have had a positive impact on interest rate policy, credit reform and bank supervision.

**C.3 Key Institutions** The following are some of the prominent and effective institutions in the infrastructure and economic growth sectors. One asterisk notes institutions that have received significant USAID support. Two asterisks note institutions largely established and developed through USAID leadership and funding.





- Rural Electrification Board\*\*
- Local Government Engineering Department (GOB) \*
- Grameen Bank\*
- BRAC\*
- CARE/Bangladesh\*
- Bangladesh Garment Manufacturers and Exporters Association
- PKSf (a quasi-GOB microfinance liquidity fund for NGOs)\*
- Bangladesh Agricultural University\*\*
- Bangladesh Bank

#### **C.4 Lessons Learned**

- Rural development programs of the 1970s and 1980s had a profound effect on poverty alleviation in Bangladesh, although that slowed from 1985-1995.
- Expanding value-added production in agriculture is likely the most important element of a poverty reduction program in Bangladesh.
- Reform of the financial sector is critical for new business development and expansion of the formal economy.
- Socialist economies take a long time to turn around.
- Corrupt labor unions in Bangladesh are one of the strongest opponents to reform.
- A vibrant, balanced trade relationship with India is very important for growth in Bangladesh.
- Bangladesh can successfully compete in international markets in basic manufacturing.

**C.5 Major Trends** The Asian financial crisis largely passed by South Asia in terms of causing major bank and business failures. Yet the indirect impact has been considerable. With most other countries now having greatly devalued their currencies, Bangladesh is facing much stiffer competition for its exports. As a result, exports, which were growing 18 percent annually, are now growing about 8 percent. The IMF and World Bank predict GDP growth over the next five years will be approximately 4.5 percent, well short of the 7-8 percent that they feel is needed to lift Bangladesh out of its severe poverty. The ready made garment industry faces reforms mandated by the WTO by 2005, which will require Bangladesh to cut its costs considerably if it is to remain competitive in the world market. Foreign investors in a broad range of sectors are increasingly frustrated with the politics of confrontation, the level of corruption, and the slow pace of reform. Bangladesh may well lose not only potential investors but also those already invested if governance does not improve. The period right after the next election (in 2001) will be closely watched to see if the new government is prepared to address many longstanding issues of interest to investors.

Agricultural production appears to be a bright spot, with improving yields and diversification since 1996 promising to boost rural incomes more rapidly than in the past. The GOB has taken a variety of steps to deregulate and open up the agriculture input markets, rationalize tariffs, and



enhance the environment for agribusiness. In addition there are hopes that the IT sector may prove to be as potentially vibrant as it has been in India. It remains to be seen if the education and business support systems are adequate to help develop technology-based sectors in Bangladesh. Natural gas could be a major growth industry if Bangladesh would take decisive action to develop and market its reserves.

**C.6 Regional and International Context** The uncertain outlook for the Bangladesh economy contrasts with the upbeat prognosis for India. While one would hope that a rapidly deregulating and expanding Indian economy would also help boost Bangladesh, the miniscule level of regional trade needs to be rapidly expanded if Bangladesh is to benefit. Bangladesh tends to underestimate the importance of its regional market, especially that of India. Recent efforts to create trade corridors by India through Bangladesh have been overturned due to political jockeying in Dhaka. Nevertheless, the present government seems moderately committed to improving relations with India, and there is some hope for better links in the future.

To highlight the importance of the “global economy”, it seems Bangladesh needs a major wake up call. As noted by economist Jeffrey Sachs during a recent visit to Dhaka, Bangladesh is precariously perched at the lower rung of those countries trying to get into the global economy, but very close to slipping back into the have-not group. The implications for India and the U.S. of Bangladesh failing economically could be considerable. The primary obstacles to reform are linked to the need for good governance and leadership. Economic reforms and responsive governance go hand-in-hand, especially in Bangladesh. Special interests are largely behind the slow pace of change, with corruption and political patronage keeping reforms at bay. Bangladesh seems to believe it has plenty of time to change, a dangerous assumption given the pace of change in the world economy.

## D. ENVIRONMENT AND NATURAL RESOURCES

### D.1 How Far Has Bangladesh

**Come?** The environment in Bangladesh is one of the world’s most unique and vulnerable, while also being one of the most robust and generally able to regenerate itself. The world’s largest delta basin, Bangladesh lies where the Ganges and Bramaphutra rivers meet the Bay of Bengal. Most of the country is only marginally above sea level, and during the monsoons, over one-third of the country is flooded even in normal years. Of all environmental issues, surface water management is at the top of the list for this country. Water regenerates its soil, brings bountiful fish resources, provides irrigation and drinking water, and transports people and goods. It also keeps alive a unique biosystem with species rarely found elsewhere in the world.



Over the past 15 years, the water flow into Bangladesh from upstream rivers has been reduced by 25 percent. The Farraka Barrage on the Ganges River is one major reason, but it is also the result



of many smaller impacts caused by irrigation projects, small dams, siltation upstream, deforestation, and urbanization. While this trend is not likely to be reversed, it must be controlled, or Bangladesh is in trouble. To its credit, the GOB understands this very well, and has helped to take on the problem. The open water management program, which USAID has just initiated, is part of a nationwide program under the auspices of the Ministry of Fisheries and Livestock which will undertake the preservation of critical wetlands throughout the country. The Ministry of Water Resources has also been active in creating a national and regional water plan.

Despite population pressures in Bangladesh, the annual rate of deforestation is less than 1 percent. Even with this lower rate of deforestation, as of now, almost 30 percent of all forest cover has disappeared. The country's upland forests are largely confined to Sylhet, Mymensingh, Dhaka, and regions in the eastern hill tracts above Chittagong. The mangrove forests are in the south, dominated by the Sundarbans. The Sundarbans is the largest surviving mangrove forest in the world, and an important international biodiversity site. Excessive logging, pollution, animal poaching, and reduced water flow are having a devastating effect on these forests. Responding to international recognition of the importance of preserving the Sundarbans, the new Tropical Forest Conservation Act will help address mangrove forest preservation and reforestation.

Other priority environmental issues in Bangladesh include:

- soil degradation caused by nutrient depletion, salinity, and an imbalance use of fertilizers;
- water quality degradation, especially surface water due to poor sanitation;
- industrial effluents, and pesticide runoff;
- arsenic contamination in the drinking water;
- degradation of the urban environment, including water and sanitation, solid waste, and worsening transport-related air pollution caused in great part by two stroke engines;
- energy-related pollution, including commercial energy and biomass use; and,
- the probable impact of global climate change, particularly sea level rise and associated economic losses.

Although the Bangladesh people place a high priority on preserving the environment, the GOB has yet to mobilize broad support to address the problems. There is a small but growing community of environmental NGOs, several of which have a world-class reputation, that plays an increasingly important role in the sector. Donors have not yet given environmental issues a high priority. Please refer to Appendix C for further environmental analysis.

## **D.2 What Role Has USAID Played?**

Although USAID has only recently developed an explicit environmental sector program in Bangladesh, it has nevertheless taken an active role on several environmental issues. USAID's largest contribution has been its longstanding support for disaster assistance. By training villagers how to cope with flooding and cyclones, preparing shelters and environmentally friendly roads, and establishing feeding





procedures, the people of Bangladesh are now well prepared to minimize the loss of life and assets associated with the regular environmental disasters it will continue to face. USAID also supported the Bangladesh National Environmental Action Plan (NEMAP) in coordination with the UNDP.

In water management and road development, USAID has helped lead the assessment and plans for mitigation arising from road construction and irrigation works in floodplains. USAID played a significant role under the World Bank-coordinated Flood Action Plan (FAP) donor consortium. FAP based its study on the USAID-financed Eastern Waters Study, which discussed strategies to manage floods and drought in the Ganges-Brahmaputra basin. USAID pioneered the introduction of environmental concepts for water management planning, and supported four important FAP components – flood response, environmental impact studies and training, geographic information systems (GIS), and identification of appropriate flood proofing measures.

On arsenic contamination, USAID supported a study on the impact of rural electrification on groundwater quality through NRECA. More recently, ICDDR,B has begun research on the health aspects of arsenic; and CARE and World Vision are providing safe water sources for arsenic-affected communities in their target regions.

The Mission has availed of several USAEP environmental exchange programs to expose Bangladeshi policy makers to advanced environmental technologies. USAEP, through The Asia Foundation, has also worked on a number of NGO-business partnerships for industrial environmental management and industrial pollution in the leather tanning industry. RUDO has also supported an urban environmental program in the city of Khulna. Lastly, USAID has supported the Bangladesh Climate Change Country Studies, and is currently supporting development of the Bangladesh Climate Change National Action Plan in conjunction with the GEF.

**D.3 Key Institutions** The following are some of the prominent and effective institutions in the environmental sector. One asterisk notes institutions, which have received significant USAID support. Two asterisks note institutions largely established and developed through USAID leadership and funding.

- Bangladesh Center for Advanced Studies (BCAS)\*
- Environment and GIS (EGIS) for Water Sector Planning\*\*
- Ministry of Fisheries and Livestock\*
- Ministry of Food (disaster assistance)\*
- Ministry of Water Resources

#### **D.4 Lessons Learned**

- Water management is the most important national and regional environmental problem, and a prerequisite for resolving many agriculture and fish production issues.
- The Sundarbans and other mangrove forests are not just important for tigers. They represent an important world resource for sea life and many other species.
- Increasing foodgrain production has had a high environmental cost in this delta country.



- The worst abuses in deforestation occur on tribal lands.



**D.5 Major Trends** The Government of Bangladesh is taking a lead position in the research and action program for national water management issues. While national programs are poised to proceed rapidly, the need for regional cooperation is paramount. Pending hydropower proposals in Nepal and India, along with the constant expansion of irrigation projects upstream, are threatening to dramatically reduce the water flows into Bangladesh. In forest management, there is some move toward reforestation, but not much initiative to

curb the worst excesses. The GOB has a Forestry Sector Master Plan, which is a good wish list, but lacks focus. Little if any impetus to curb industrial pollution is apparent. On arsenic, there are many programs underway, but leadership from the GOB is lacking. On disaster management, the GOB gets very high marks. The GOB passed an Environmental Protection Act in 1995, but the Ministry of Environment and Forests is weak both technically and institutionally, and cannot ensure compliance with the law.

**D.6 Regional and International Context** As noted above, regional water management is of critical importance to Bangladesh. With water flows already down over 25 percent over the past 15 years, Bangladesh must plan to cope with reduced flows, and at the same time work with SAARC and other regional bodies to better plan for upstream interventions. As in many regions, water negotiations are extremely challenging political undertakings, with the upstream countries usually holding the trump card.

Regional research and action on the issue of arsenic contamination is also under consideration. The arsenic problem seems to have a common source in West Bengal and Bangladesh, so it is hoped that resources can be shared to best effect between India and Bangladesh. The World Bank, UK (DFID), and UNICEF all have major national programs for arsenic mitigation in Bangladesh, with new ADB funds about to be approved. One or more of these organizations are likely to consider regional cooperation as well.

On forestry, we are pleased that the USG has included Bangladesh in the initial round of countries eligible for the Tropical Forest Conservation Act. This can only help to highlight some of the world class animal, sea life, and forest resources that are found in Bangladesh. On clean energy, Bangladesh is not only capable of restraining greenhouse gas emissions within its borders, but the possibility of gas exports to India could make a significant contribution in reducing the use of high carbon coal for power generation in India.





## ***PART II: PRIORITIES AND STRATEGIC FRAMEWORK FOR THE COMING TEN YEARS***

Bangladesh and the donor community have established the goal of substantially reducing poverty, now at 40 percent of the population, over the next 20 years. The current rate of poverty reduction is about 1 percent per year. The goal is to double the current rate of poverty reduction, from 1 to 2 percent per year. In order for Bangladesh to achieve this goal, the World Bank has well documented the need for Bangladesh to increase its rate of economic growth, from the present 4 to 5 percent, to between 7 and 8 percent. This growth objective has been clearly adopted by the GOB in its planning documents, and has been directly tied to its poverty alleviation goal.



To help Bangladesh achieve its goals, the donor community must also shift its attention away from a predominantly humanitarian approach to poverty alleviation, and take a more proactive approach toward broad-based economic development. USAID has already begun this shift, which is to be formalized through the following strategy for the coming ten years:

### ***Help reduce poverty from 40 to 25 percent by promoting sustainable economic growth***

Sustainability is important because Bangladesh must balance over time the demands of a large and growing population and its limited resource base. At the same time, Bangladesh must boost rural incomes, broaden its private economy, and compete effectively in global markets if it is to lift its people out of poverty and offer an improved life to all.

The presentation below breaks out the development priorities essential to achieving sustainability and growth, and the rationale that led USAID/Bangladesh from these two concepts to our specific sector programs. It should be noted that the concept of sustainability is not totally distinct from growth. Indeed most of the sectors in the USAID/Bangladesh program embody strong themes of both sustainability and growth, which helps to further integrate the overall program.

### **A. SUSTAINABILITY**

The three areas of greatest importance to the sustainability of economic growth in Bangladesh are population, food and water. Limiting the population growth of Bangladesh has been an evident necessity even before Bangladesh independence. UNICEF projections show Bangladesh will have an estimated population of 179 million by the year 2025, passing Russia and Japan to become the sixth most populous country in the world. If Bangladesh meets its ambitious fertility reduction goal of getting down to 2.6 live births per woman by the year 2003, the population would still reach about 225 million midway through this century. This continuing increase, despite a successful population program, is due to the momentum built up from the present population which is largely young and in child-bearing years. For anyone who has been to



Bangladesh, already the most densely populated country in the world, it is not difficult to imagine the consequences of not maintaining vigilance in matters of population.

Food shortages were, until recently, an overwhelming concern of the GOB and the international community. Even though foodgrain production has increased dramatically, food remains the overriding important issue for the poor of Bangladesh, especially the ultra poor who comprise almost 30 million persons. The rural poor still lack the cash to buy food, and are heavily reliant on feeding and income generation programs which boost their ability to buy food. Since 90 percent of the income of the ultra poor is taken up by food, food security is critical to ensuring the ultra poor can benefit from economic growth. Further, natural disasters in Bangladesh are the rule, and not the exception, so the country must be able to deal with the major upheavals brought by floods and cyclones. If the rural poor lose their assets or go in debt during every disaster or bad crop, progress on reducing the massive poverty of Bangladesh will be slow indeed.

In earlier years, Bangladesh would not have thought of water scarcity as a problem for survival. However, population pressures on the land and the rapid reduction of the country's river flows now means that drought and water shortages are a far greater threat to the country than flooding. Further, with the country increasingly dependent on irrigated grain production for survival, there is reason to conclude that the present structure of food production is not sustainable. Add to that the rapid decrease in fish catch from open waters, the primary affordable source of protein for the rural poor, and it becomes increasingly clear that water is a major problem for Bangladesh.

Two trends add to the concern about water. The first is global warming. Few countries are more threatened by rising oceans than Bangladesh, which is likely to find its land mass shrinking rapidly as water levels rise. This would increase population pressures and the demand for scarce land and water. The second is upstream water usage. With Nepal already having concluded that hydropower should be a major source of foreign exchange earnings in the future, the implications are grave for downstream Bangladesh. Upstream countries will increasingly store water during the lean season, when Bangladesh needs it the most, and release waters when the monsoons peak, when Bangladesh wants it the least.

## **B. ECONOMIC GROWTH**

While Bangladesh is rich in soil, natural gas, and human resources, it is a cash poor country. Its labor force is largely employed in low productivity agriculture, which accounts for over two thirds of employment, but less than one third of the GDP. The informal sector comprises a large portion of urban employment. For Bangladesh to pull itself out of poverty, and grow at 7 to 8 percent annually, it must greatly increase the value of its agricultural production, expand its formal economy, and increase growth through exports. These three essential elements of a balanced economic growth agenda represent areas of consensus among donors and the GOB.

Agriculture remains important because of its large role in employment generation and its potential for poverty reduction. Bangladesh's population is 75 percent rural, with a rural poverty rate of approximately 50 percent. It is critical for agriculture to create added income over time to reduce poverty and avoid a massive migration of the rural poor to the already overcrowded urban areas in Bangladesh. Although success in agriculture alone will not sufficiently boost the national growth rate, a healthy agriculture sector is absolutely essential to preserving the national employment base and contributing to a stable economy. While the past success in expanding rice and wheat production has helped improve the food security situation, there is a great need to



boost farm and non-farm incomes through diversification and value-added agriculture production. Ongoing efforts to expand agriculture production, processing and marketing into areas such as horticulture, poultry, livestock, and pisciculture, and adding value in foodgrains, is important for both growth and poverty reduction.



Small business development holds the key to expanding the formal economy. With all the emphasis over the years on microfinance and household enterprises, there has been little work done in Bangladesh on small business development. When combined with the GOB's continued focus on large, poor-performing SOEs, there is a big gap between large and microenterprises in the services for, and structure of, businesses. For instance, microcredit lending for household production is fairly well developed, and loans for large

businesses are available, but lending to small and medium-sized businesses is almost non-existent. Marketing channels for smaller producers are likewise undeveloped.

The dearth of smaller firms developing and competing, with the best ones growing larger over time, has greatly limited the growth of the formal economy in Bangladesh. In order to help establish a more competitive business development structure, and expand the formal economy, we believe small business development is the priority companion to agribusiness development. Together these two programs, which build on strong program experience and comparative USAID strengths, comprise the enterprise development component of the strategy.

Growth through export development is perhaps the most challenging task facing Bangladesh. While Bangladesh has proven its capability of meeting world standards in ready made garments and seafood exports, the national structure to support export-led growth is very weak. Although many reforms and improvements are required to prepare Bangladesh to more effectively compete in the global economy, the most critical factors include:

- recapitalize the banking system and allow full competition in the financial sector
- improve transport, including sea and airports
- deregulate/promote foreign investment in energy and telecommunications
- facilitate trade with India
- improve education at all levels
- fight corruption and adhere to the rule of law, especially contract law
- remove tariff and regulatory disincentives to exports

While this is a daunting list, continual progress on all of these factors is being made. USAID has integrated these issues directly into its economic growth and democracy programs. In democracy, the common factor holding back many of the structural reforms and actions is the slow pace of political reform and lack of political will. Inputs of civil society, including the business community, is clearly needed to create the demand for change. Taken together with the need to curb corruption and promote the rule of law, democratic governance is deemed essential for economic reform to succeed.



Finance and trade reforms required for the expansion of the formal sector and for export development form a key component of the USAID small business and agribusiness program. Examples of recent successes of USAID policy dialogue and case-by-case enterprise development have included the removal of interest rate caps for agriculture and small business lending, removal of royalties on air cargo shipments, and reductions in key tariffs to boost agriculture exports and value-added packaging.

The introduction of regional South Asia programs will provide a major impetus toward improving the region's energy infrastructure and promoting trade with India and other South Asian neighbors. The SARI program in energy will broadly addresses issues of regional trade, deregulation, and infrastructure development. USAID's continued support for developing the rural road network also represents a critical input into improving the pace of rural economic growth and poverty reduction in Bangladesh.

### **C. THE USAID/BANGLADESH PROGRAM**

The selection process that led to the present mix of strategic objectives very much followed the strategy outlined above. USAID has played an important role over the past decades in rural development with a clear poverty alleviation theme. In developing the present program and strategy it became clear that economic growth could, and should, receive a much stronger emphasis and that this was not contrary to our goal of poverty reduction if structured properly.

We therefore culled the portfolio to focus in on the most critical and best performing poverty and sustainable growth programs that would also be consistent with an economic growth focus. This involved development of an explicit new objective that combined our Title II food security and disaster preparedness programs; the creation of the Mission's first environment program – open water and tropical forest management; and the continuation of our longstanding PHN program. To this mix we added new clean energy, enterprise development, and democratic institution programs, culminating in the recent SO approvals in the Economic Growth and Agriculture Development portfolio, and the new democracy SO submitted concurrently with this Strategy. The specific context for these six SOs is described below.

**C.1 Sustainability/Poverty Reduction Food security**, as broadly endorsed by the Agency, is a complex, multi-sector undertaking. It is also one of the most serious issues facing South Asia, home to a large percentage of the world's poor and undernourished people. Approximately 30 million Bangladeshis are ultra poor who spend almost all their resources just to feed themselves, with nothing left to improve their lives. These families generally lose everything whenever a major flood hits or a crop fails. Growth alone will not reach this population unless their food insecurity is somehow addressed. The most direct undertaking is our SO 8, Improved Food Security for Vulnerable Groups. This SO targets the 200 poorest, most disaster-prone thanas in the country, and strengthens vulnerable group feeding programs, farm to market roads, urban slum sanitation, and health and nutrition education. CARE and World Vision, the two primary implementers of the food security program, are also leading the way in innovative new approaches to disaster preparedness which are a critical component of this SO.

USAID continues to be a pioneer in promoting private sector participation in food procurement and distribution, and in promoting local government and private sector development in rural infrastructure programs, thus serving growth and democracy objectives in the achievement of humanitarian and poverty goals. We note that the Ministry of Food fully supports this private





sector approach, one of the main reasons that disaster preparedness has come so far in Bangladesh. The GOB understands that the private sector is not only more cost effective, but in emergency situations it can respond much more quickly than government to priority needs.

Food security supports and depends on many of the other SOs. The new enterprise development SO, while targeting growth, supports the continued, vigorous development of microfinance. Microcredit is thriving in Bangladesh, and is extremely important in providing new income opportunities for poor rural households. We are targeting improved management and policy support to expand the strongest microfinance institutions. We also support microfinance through Title III and 416b resources as available.



Food security is also important for the PHN SO. Since more than 50 percent of all child mortality is linked to malnutrition, improving the nutritional status of children by facilitating and promoting the consumption of sufficient, nutritious food is a key element to improving their health. Likewise, nutritional status of young children is one of the most sensitive indicators of changes in food supply and health conditions, and child malnutrition is an important indicator of overall economic and social development. Lastly, the civil-society approach to democracy as proposed in the new DG SO is based on the need for all sectors of society to have voice. The poor clearly are on the outside looking in with respect to influencing national policies and practices. They also suffer the most from corrupt, inefficient government. If the vast majority of the population are to receive adequate health, education and other basic services, it will require either a much more responsive government or alternatives to government provided services.

**Population, health and nutrition** represent the largest, most successful program in the country and in USAID's portfolio. The need to succeed in reducing fertility to replacement levels is unquestionable. The pressure for jobs, social services, land, water, and other natural resources, which is already severe, will be tremendous over the next 50 years as the population passes the 200 million mark. Improving child health is increasingly recognized as an important companion to successful family planning efforts, and vice versa. Because health programs play a key role in improving well being and productivity, health is also an important factor in economic growth and educational attainment.

With the continuing need for improved and expanded health and family planning services, USAID should anticipate a major role in this sector for the foreseeable future. A major challenge will be to ensure the supply of sufficient contraceptives for a program for which commodity requirements continue to expand from an already large base. There is perhaps no more important issue facing Bangladesh than this, and the financing and procurement of sufficient quantities of contraceptives will require continuing resource mobilization and coordination among the GOB and its development partners. In addition, the health system needs to better harness the efficiencies of the private sector in providing integrated health and family planning services.





These services, which USAID has initiated under NIPHP, should be the primary focus of the program through 2010. Concurrently, USAID should begin to assist the GOB to gradually shift its emphasis from providing services directly to regulating, supervising, evaluating and financing the provision of those services by private contractors and grantees, including NGOs. This task is likely to be formidable and progress slow, with the possible exception of urban areas where government health services are poorly developed and NGO/private services predominate.

For nutrition, the challenges are even greater. There is growing recognition that this is a major health problem that affects all aspects of human resource development in Bangladesh. Nutritional problems affect health and education status, workplace productivity, and quality of life. USAID will continue to support both health and food interventions to improve nutrition.

Whereas successful food and population programs are already in place, a nationwide **water management** program is just getting underway, and regional efforts are barely beginning. USAID's new SO, Improved Management of Open Water and Tropical Forest Resources, is a major reconstruction of an earlier program which emphasized fish production. In reviewing this new program, it became clear that fish production was diverting attention from the more pressing issue of managing Bangladesh's open water resources. Over the past two decades there has been a major reduction of the water flow into the country caused by upstream interventions and deforestation. At the same time the national wetland areas have been severely impacted by the continued reshaping of the land for irrigation, towns and housing, soil erosion and siltation from cropping and deforestation, and competing demands for water such as irrigation and industry.

The new water and forestry SO is a community approach to getting all land and water users in a microenvironment to work together for the common good. It is a program of national scope for which USAID is the first in implementation. The Ministry of Fisheries and Livestock is overseeing the national effort, with many donors prepared to begin work. Past experience with fishery and water programs led to this approach. The efficacy of this approach has been borne out by the very positive experience in the first two wetland areas under the new USAID program.

**C.2 Economic Growth** Experience has shown that economic, political and structural reforms constitute the most direct route to economic development. Any economic growth program should focus on a reform agenda. At the same time, USAID has effectively combined an enterprise development approach with targeted reform initiatives quite successfully in countries where full-blown structural reforms have not been undertaken. While the Government of Bangladesh continues to take small steps in financial sector reform, privatization, tariff liberalization, infrastructure deregulation and regional trade development, it has not yet been willing to take bold, sector wide reform measures. The Mission proposes to actively pursue a reform agenda, but to continue with parallel economic growth and governance initiatives that will keep a positive trend in reforms going while also creating the capacity and demand for more open political and economic structures in the future.

**Economic Reform/Enterprise Development** The small business and agribusiness focus in economic growth combine strong themes of enterprise development and economic reform. We are continuing support for agribusiness since this is an important sector where the government agrees that deregulation and export development is crucial. The Awami League's tradition of having strong roots in rural Bangladesh no doubt has encouraged this development. We have already seen good leadership on reforms required for agriculture, such as deregulation of the seed



and fertilizer sectors, better customs services, rationalized tariff structures, and improved air transport facilities, which will have a very positive spillover effect on all sectors.

In small business, the GOB is equally supportive, and has worked to remove interest rate caps, export licensing restrictions, and tax anomalies affecting SMEs. At the same time, the need to develop marketing expertise in the country is a major limiting factor for both small business and agribusiness, and this will require experience that will mainly come from enterprise development and interaction with external markets. This marketing development process represents a key step toward export diversification for Bangladesh.

We believe that developing a strong voice for liberalization within the small business and agribusiness community will help bring about a much stronger internal demand for economic and political reforms. This approach will dovetail well with our new civil society DG program. With over 5 million microcredit borrowers, and an expanding small and agribusiness community, these parties represent a potentially strong coalition for reform. Should the economic reform program, especially banking reform, pick up steam, USAID has created the flexibility within ongoing programs to provide a greater emphasis on structural reforms. The agribusiness and small business SO has been designed with a policy and banking program that could easily be adapted to address a changing reform environment.

**Democratic Reform** The new Strategic Objective for DG, entitled Strengthened Institutions for Democracy, is an essential component of the sustainable economic growth program. While representing a modest investment, it focuses on the most important reform agenda facing Bangladesh – democratic reform. Bangladesh cannot expect the cooperation of its people to undertake large scale economic reform programs unless the people feel they have a voice and a stake in their own governance. If reforms are seen as an outside imposition only, they will fail. Likewise, the GOB will never mobilize the private and human resources required for sustainable economic growth if it continues to try and manage everything and everybody from the front office. Bangladesh represents one of the most centralized governments in the world. The need to divest power, and to allow its citizens to participate in the decisions affecting their lives, cannot be overemphasized.



There are no signs that the present generation of political leaders in Bangladesh will undertake broad political and economic reforms on their own. This was reconfirmed by a democracy strategy review conducted in cooperation with USAID/W in 1999. Given the present political conditions, it was determined that a targeted approach to strengthening civil society and its voice in political and economic reform was the most appropriate USAID response. In line with these recommendations, USAID has initiated

a new SO to strengthen the capacity of civil society to help affect change through local government, parliament and human rights organizations. We have no illusions that governance can or will change overnight. On the other hand, our lead in this sector has proven to have a very



positive impact on the development of local organizations committed to democratic reform. As civil society builds up strength and experience, we believe it will grow well beyond the scope of limited donor programs and gain in effectiveness.

It is clear that democracy is a long-term effort, and USAID should be prepared to support the proposed institutional strengthening through civil society for at least the full ten-year strategy period. Nevertheless there are specific programs which should have a direct impact on economic development in the near term. First, the human rights component will focus on reducing child labor and trafficking of women and children, two of the most serious human rights issues of international concern. Bangladesh will face difficult times entering world markets if it does not take seriously its human rights record. Secondly, if Bangladesh wants appropriate reform initiatives, it must have an effective Parliament. The Mission's initial success through NDI in improving the effectiveness of Parliament committees, and bringing civil society into the debates in Parliament, are encouraging signs. We will support civil society in working toward a committee environment where legislation and reform programs can be openly debated, and where the unique needs of Bangladesh can be incorporated into the reform process.

We note that corruption is also being addressed under the democracy SO, with Transparency International-Bangladesh as a key partner in establishing citizen groups that can highlight abuses and call for action. With the civil service and police being prime targets in fighting corruption, the need for strengthening local elected bodies becomes increasingly apparent. The civil service now fully controls all development and civilian systems except the union councils, which have minimal resources or financial authority. This is unlike India where the States and other intermediate elected bodies serve as a strong counterbalance to central political and ministerial controls. By educating civil society on their rights and strengthening existing institutions that implement and support good governance at the grassroots level, the ability of the public to oust corrupt and incompetent leaders will increase.

**Infrastructure Development** USAID has carved out an important new role in bilateral and regional clean energy that combines infrastructure development, export growth, and economic reform, all of which are important for growth. With our strong operating history in rural electrification as a base, the Mission has established itself as a key partner with the World Bank and ADB in developing an appropriate regulatory, environmental, and operational structure for the future of the power and natural gas sectors. Because of

the large potential for gas and power exports in the region, the initiation of the South Asia Regional Initiative (SARI) in energy is an important companion to the bilateral clean energy program. Energy sector development is important for Bangladesh not only to fuel its own growing industries and commerce, but also because it is potentially the largest source of export earnings for its internal development, including other infrastructure and social services. Given the clear competitiveness of US energy firms and technology in the energy sector, this is a natural, strong choice for inclusion in the USAID strategy. The initial positive experience in FY 1999 with the clean energy program reinforces this decision.





The inadequate road network in Bangladesh is a major impediment to economic growth. We will continue under Title II to develop the tertiary rural roads that bring the most impoverished regions of Bangladesh into the modern economy. Recent studies have reconfirmed that the introduction of all-weather roads in isolated rural areas has one of the strongest poverty reduction and growth correlations among development interventions. The development of major highways and ports, are equally important, but are deemed less appropriate for USAID grant interventions since the private sector and multilateral donors are taking the lead in these sectors.

**Education** While education is a very high priority for economic growth, USAID has played only a peripheral role in this sector. It is, and will remain, a high priority for the Mission's local currency programming as possible. Education and training for child laborers is also an area where USAID and Department of Labor will cooperate with funding for non-formal education schools run by NGOs. Reasons for not having an explicit objective in education include lack of Mission experience in the education sector, lack of USAID funding in this sector, and the centralized, heavy-handed approach of the GOB Ministry of Education. In the future, should funding and support become available, and should the GOB begin to reform, USAID may seriously consider adding education to the USAID/Bangladesh program.

#### **D. PERFORMANCE OBJECTIVES THROUGH FY 2005 AND FY 2010**

The primary strategic objective for the period from FY 2005 through FY 2010 will be to achieve a consistent annual poverty reduction rate of 2 percent, combined with an annual GDP growth rate of at least 7 percent, up from the present average annual rates of approximately 1 percent and 4.5 percent respectively. This broad objective is shared by the GOB and donor community as a whole, with the USAID program playing an important role in selected sector initiatives. The target for the period FY 2000-2005 is to increase the poverty reduction rate to 2 percent and the GDP growth rate to at least 7 percent while creating the various sector-specific conditions required to sustain these changes over the following five-year period.

The overall impact of successfully achieving this objective will be to reduce the national poverty rate of Bangladesh by at least 15 percent, from 40 to 25 percent, having created the conditions for Bangladesh to broaden its domestic and export economies and to ensure sustainable economic growth. The sector performance targets are set out under the six strategic objectives described in detail in Part III below. Please also refer to Appendix D for the Results Framework for the USAID program and the six SOs.

The overall theme that brings together all the Mission Strategic Objectives is poverty reduction, which was the prior Mission goal, and has been the focus of most donor programs over the past three decades in Bangladesh. The poverty theme is built in not only by the selection of beneficiaries and the nature of program impact, but also by geographic selection as noted in Section E below.

The performance monitoring plan (PMP) consists of the Mission's plan for measuring and reporting results for each of the six SOs, plus an end-of-strategy assessment to determine the overall progress in achieving the Mission goal. SO 1, Fertility Reduced and Family Health Improved, has a complete results framework and monitoring plan in place. While modest adjustments are expected through 2005, these will not change the PMP for this SO. SO 5, Growth of Agribusiness and Small Business, SO 6, Improved Management of Open Water and Tropical Forest Resources, and SO 8, Improved Food Security for Vulnerable Groups, have largely





completed the development of the results frameworks and will complete performance monitoring plans and systems before the end of CY 2000. Results frameworks for SO 7, Improved Performance of the Energy Sector, and SO 9, Strengthened Institutions of Democracy, are being developed now, and should be completed along with monitoring plans in time for reporting in the next R4 cycle. The Strategic Objective frameworks for all six SOs can be found in Appendix D.

Mission goal reporting will be based on data from the Bangladesh Household Survey for 2005, which will include the most reliable poverty data; and from World Bank annual reports, the most reliable economic growth data available. This data is also being collected and reported as part of the Development Forum process in Bangladesh, and to meet recent World Bank and ADB poverty mandates. An assessment of the impact of individual sector performance on overall progress toward the goal of poverty reduction and growth will be conducted at the end of the strategy period.

## **E. GEOGRAPHIC FOCUS OF MISSION PROGRAMS**

The geographic context for the various strategic objectives is largely predicated on a combination of poverty mapping and individual SO priorities. Poverty is largely concentrated along the major rivers, where the poorest families have been forced to try to beat the odds despite the high risks of crop and land loss. In addition the urban areas have large pockets of poverty. However, rural poverty rates are much higher than in urban areas, and therefore USAID has continued to maintain a predominantly rural program focus. The Chittagong Hill Tracts has only recently opened up to outside interventions. Given delays by the GOB in meeting certain commitments under the peace treaty, only a few programs are presently active in that region, despite the high incidence of poverty there.



The SO with the strongest direct link to poverty is SO 8, Improved Food Security for Vulnerable Groups. This is appropriate, since it is specifically a poverty program, aimed at the 200 poorest, most flood-prone thanas. SO 1, Improved Family Health and Reduced Fertility, is targeted at the worst performing regions of the country in terms of health and family planning statistics. While in most cases this also reflects poor areas, particularly in urban settings, Sylhet Division is an exception. Despite its relatively low poverty rate, Sylhet has continuously lagged in health and family planning, and is thus included in the PHN target area.

SO 6, Improved Management of Open Water and Tropical Forest Resources, has initiated work in two priority wetland areas – one in Sylhet Division, the other north of Dhaka. Once this program expands to additional areas, it will closely reflect the national poverty map, since the wetlands and flood-prone poverty areas are often identical. Growth of Agribusiness and Small Business, SO 5, is a nationwide program, but also has a strong link to poverty regions. In particular, the north and northwest of Bangladesh have been given top priority in SO 5 because they are the poorest regions in the country. Many of the poor in these two regions are landless laborers who will benefit directly from added employment opportunities in agriculture and value added processing. Democracy is also a nationwide program with a priority in the northwest given the poverty incidence there. For example, the local governance program will be initiated in two northwest districts under the new SO9 program.





The SO 7, Improved Performance of the Energy Sector, is a national program, with the rural electrification and renewable energy components targeted on poverty regions. The larger scale initiatives in energy are determined by energy sources such as gas fields and power generation sites. Please refer to Appendix E for maps that highlight the target districts for each Strategic Objective. USAID/Bangladesh has concluded that the combination of poverty and program-specific priorities for program sites is maximizing our impact, and is a preferred approach to undertaking a concentrated program in one or more geographic regions of the country.

## F. LINKAGES AND SYNERGIES AMONG STRATEGIC OBJECTIVES

The most important linkage among the six strategic objectives of the USAID/Bangladesh program is the common link of sustainability and growth. For instance, not only are the water, food and population programs important for sustainability. Energy is a critical input for sustainable economic growth in Bangladesh. Likewise, building small and agribusinesses is important for sustainability since these programs broaden the base of growth and help create stability in the economy. Democracy can also be an important factor in sustainability. While some countries can achieve growth without democratic governance, recent history seems to indicate that democratic governance is essential to establishing a sustainable economic system.

The second important linkage among the programs is the focus on poverty. Because poverty reduction was the principle focus of the last program strategy, the entire program was rooted in beneficiary and geographic foci related directly to poverty reduction. This includes the economic growth components, which are designed to broaden economic opportunities, target rural growth, and increase women's participation in enterprise development. The energy program, for example, includes a major component for rural electrification and supports small-scale renewable energy for isolated poor regions of the country.

Three other themes provide a strong linkage across all SOs. These are women's empowerment, decentralization of authority and governance, and strengthening civil society. Programs such as human rights programs, maternal and child health, food security, enterprise development, rural infrastructure, microfinance, and local government training, all have been developed with women as the primary beneficiary. The emphasis on women's empowerment is covered in detail in Appendix B, Gender Analysis.



Decentralization and strengthening civil society are actually two sides of the same coin. The intent of decentralization is to broaden the political and administrative structure of the country to prevent abuses of power and increase accountability and efficiency. This is supported in our SOs through strengthening local governance and parliament, and by implementing programs through decentralized structures. The Mission health and population, rural infrastructure, food security, water and forest management, and democracy

programs all focus on strengthening local community and governmental units.



At the same time the Mission's predominant partnership with the NGO community to implement its program contributes to the strengthening of civil society, thereby creating the demand for broadened, effective and accountable government and administration. This civil society thrust is further emphasized in our democracy program, and is embedded in the structure of many implementing agencies. For example, the rural electric cooperatives developed under USAID's longstanding rural electrification program have blossomed into one of the most prevalent non-government village-level institutions in the country, and represent an important element of civil society in most rural areas. The same hold true for the new community-based water management program, which brings together many local government, NGO and community participants to meet the needs of all water users and fisherfolk.

The inter-relationship of the six strategic objectives is discussed further in Part III.



### ***PART III: SECTOR PROGRAM CONTEXT AND OBJECTIVES***

While USAID brings substantial resources to the tasks we have selected, we are a small piece of the total puzzle. In this section we set forth the sectoral context and interrelations of the USAID/Bangladesh program. For each of the six strategic objectives of the program, this section addresses the following issues:

- How the USAID SO program fits together with planned activities of the GOB, private sector and other donors in that sector (Sector Fit);
- How the SO program relates to overall USAID and USG objectives (USAID/USG Priorities);
- How the sector program relates to other programs in the USAID portfolio (Cross-sector Relationships);
- Changes that might be anticipated over the ten-year strategy period (Looking Ahead); and
- Performance objectives for each sector through 2005 and 2010 (Performance Objectives).

#### **A. FERTILITY REDUCED AND IMPROVED FAMILY HEALTH (SO 1)**



**A.1 Sector Fit** At the urging of the World Bank and other donors, the GOB has adopted a sector-wide approach to managing and coordinating all donor inputs in the health sector. The Bank and several members of a 14-member donor consortium, which includes USAID, focus primarily on a variety of systemic reforms in the government sector, implemented under the Bank's large Health and Population Sector Program (HPSP). Although USAID provides technical assistance to the GOB related to some elements of HPSP where we have a comparative

advantage, USAID does not fund HPSP or provide funds to the GOB. However we do, as noted above, support substantial ESP service-delivery activities implemented through NGOs. These activities are consistent with, and part of, the GOB's national strategy, which envisions a wider role for NGOs in the national health system. USAID, the UK (DFID), and the ADB are the major donors supporting NGO activity in the sector, with each donor having clearly delineated and coordinated coverage areas.

In addition to HPSP, the Bank will soon fund a major "National Nutrition Program" (NNP). USAID participates in the NNP steering committee for sector coordination. While USAID's nutrition activities are limited largely to vitamin-A initiatives and we do not expect this focus to change, our national Nutrition Surveillance Program is likely to become the evaluation arm of the NNP, and our vitamin-A activities are consistent with national nutrition priorities.



**A.2 USAID/USG Priorities** We anticipate no change in our strategic objective for PHN: Fertility Reduced and Family Health Improved. We intend to attain this objective by concentrating on the following broad priorities through 2010:

- Delivery of the Essential Service Package through NGOs, including the gradual introduction of safe-delivery services and emergency obstetric care
- Ensuring sufficient supplies of contraceptives to meet the demands of a successful, growing program and changing the contraceptive-method mix to reduce reliance on “supply methods” (orals) by increasing the use of long-term methods consistent with client welfare and with free and informed client choice
- Increased use of family planning by newlyweds to raise the age of first births
- Improvements in the quality of services included in the ESP
- Expanded communication programs related to ESP services
- An expanded role for NGOs in the national health system
- Institutional development for NGOs
- Social marketing of contraceptives and oral rehydration salts (primarily contraceptive-commodity support)
- TA for planning and managing (but not implementing) GOB training programs related to the ESP, based on NIPHP experience
- TA to integrate and improve health and family planning logistics systems, based on NIPHP experience
- TA to increase immunization and vitamin-A distribution coverage, and for the integrated management of childhood illness (IMCI)
- The fortification of wheat flour with vitamin-A
- Health-care financing, including user fees and small, pre-paid health insurance schemes, possibly implemented in conjunction with microfinance activities

Although its impact on fertility and mortality will be negligible, we also intend to support polio eradication, a global agency priority. Although HIV prevalence is quite low, Bangladesh is surrounded by high-prevalence areas in India and Burma, and the presence of high-volume commercial sex is cause for serious concern. Therefore, a modest HIV-prevention program focused on high-risk groups will be continued and expanded as needed to maintain currently low levels of infection. Finally, we intend to support a series of population-based surveys to measure the attainment of key USAID indicators at the IR level, in addition to Demographic and Health Surveys to measure strategic-objective attainment at the national level.

**A.3 Cross-sector Relationships** Improvement and expansion of sustainable health and family planning services contribute directly to virtually all other SOs within the program. Stabilizing population growth contributes directly to any attempt to maintain a balance between population and the natural resource base of the country, especially food and water availability. Probably no other undertaking is as important for Bangladesh. With respect to economic growth, one of the primary lessons learned from the rapid economic growth of East Asia has been the benefits of large-scale investments in health and education by the governments in that region. The GOB is also now committed to improving health and education, and we concur that this is a proper emphasis.

For democracy, women’s rights programs throughout Bangladesh grew out of the family planning movement in the early 1970s. There continues to be a strong interaction between maternal health initiatives and women’s empowerment, strengthened by the recent steps to bring women out of



the house to nearby satellite clinics for services. This is often one of the primary contacts that many rural women have with the outside world.

**A.4 Looking Ahead** The Bangladesh health system is currently in the initial stages of a major reorganization which, given the slow pace of change so far, may well take a decade to complete and bring to fruition, especially in the public sector. The integration of what has amounted to nearly separate ‘ministries’ of health and family planning, with all the systemic administrative, managerial and personnel changes that implies; the need to improve the efficiency and effectiveness of bureaucratic systems that have been inefficient and ineffective for years; the shift to the Essential Services Package and the need to train over 100,000 health workers; the unification and improvement of logistics, procurement and information systems; and the virtual initiation of effective systems of supervision and quality control -- all call for a long-term perspective as far as the government system is concerned. Although we will need a degree of patience, we are still optimistic that goals will be reached.

Given these constraints, and the availability of ample funding from the World Bank and its co-funders to address them, USAID’s PHN program will continue to focus largely, though not entirely, on NGO service provision. The main elements of that program through 2010 will be:

- The continuation, modest expansion and maturation of on-going efforts with private service providers (NGOs and the Social Marketing Company) under NIPHP, scheduled to run through April 2004. Our work with the social marketing company will include efforts with the GOB and other donors to secure continuing supplies of contraceptives, to establish endowments to finance emergency contraceptive purchases, and, possibly, to establish a local, private-sector capacity to produce orals.
- The greater expansion of those efforts to new NGOs and new geographic areas, as feasible, from 2004 through 2010.
- Efforts to increase the financial sustainability of NGO programs by designing and implementing pre-paid insurance schemes.
- Work with the GOB to design and implement new initiatives in which the GOB grants to or contracts with NGOs (using non-USAID funds) to provide essential services and monitor NGO performance. This would include GOB provision of substantial quantities of contraceptives (orals, condoms and injectables) to the Social Marketing Company.

Collateral elements of the program through 2010 will include the continuation of technical assistance to the GOB related to support systems and operations research related to the content and implementation of the ESP. The former would include 1) systems required to enable the GOB-assisted operation of NGO services, such as systems to estimate requirements for and procure health and family planning commodities; and 2) systems that facilitate the incorporation of USAID-funded NGO initiatives such as training and quality assurance into the national system. Additional technical assistance will also be provided in key technical areas such as increasing low immunization coverage, the effective implementation of IMCI, and expanding the availability of long-term contraception, including voluntary surgical contraception. Support for HIV prevention will continue at a level appropriate to the prevalence of infection. Support for polio eradication will continue until Bangladesh is certified polio-free, hopefully in 2005.





**A.5 Performance Objectives** Our strategic objectives for the population and health SO for FY 2005 and 2010 are noted below. The benchmark statistics (all noted approximately) reflect new data from the 1999-2000 Demographic and Health Survey, which has not yet been published.

- Reduce the total fertility rate from approximately 3.3 to 2.8 in 2005 and to 2.3 in 2010
- Increase the contraceptive prevalence rate from approximately 53 to 60 percent in 2005 and to 68 percent in 2010
- Reduce the infant mortality rate from approximately 66 to 57 per 1000 in 2005 and to 50 per 1000 in 2010
- Reduce the under-five mortality rate from approximately 94 to 80 per 1000 in 2005 and to 70 per 1000 in 2010

Of special note is the fact that the current total fertility rate of 3.3 estimated in the new DHS is higher than the previous target for this year of 3.1. This makes the 2005 fertility target of 2.8 a very challenging one. The target of 2.3 in 2010 represents the replacement fertility rate, an important goal of the GOB and donor community, which will also be a tall order. On the other hand, child and infant mortality rates from the new DHS are well below current targets for NIPHP. The FY 2000 target for infant mortality was 78 per 1000, yet the DHS estimates a current rate of 66 per 1000, a remarkable improvement since the last survey in 1996. We have, therefore, presented more ambitious targets for these two indicators than currently reflected in our SO results plan.

## **B. GROWTH OF AGRIBUSINESS AND SMALL BUSINESS (SO 5)**



**B.1 Sector Fit** There are surprisingly few major donors in either the agriculture or small business arena in Bangladesh. In agriculture, the World Bank is concluding a major Agriculture Research program, and the ADB is considering a new Northwest Agriculture program loan. The ADB has already worked closely with the USAID implementation team for our Agri-based Industries and Technology Development Program (ATDP) to incorporate lessons learned in their Northwest program. The World Bank Export Promotion loan has very relevant linkages to many of the sector

and trade reform issues that USAID is targeting. A joint dialogue is already well along. The Dutch and Canadians are phasing down their existing agriculture programs. Our agribusiness program is managed cooperatively with the Ministry of Agriculture, which also takes responsibility for sector coordination. The Ministry has recently taken big steps forward in terms of endorsing a private sector and export-led approach to agriculture, in large part due to the positive experience of the ATDP program.



In small business, most donors support some aspect of microfinance, and support household level microenterprise. Small business has not received major attention from donors other than USAID and Germany. The banking system almost totally shuts out small business customers, leaving a giant gap between their large customers and recipients of microcredit loans. The formal economy also suffers from inadequate marketing and production skills, largely because Bangladesh has not had a history of industry-led growth and has not been exposed to international standards of quality. For these reasons our assistance to small businesses is proving to be effective, and very likely to succeed.

USAID's initial efforts with market and production development and bank financing have both proven themselves to be highly appreciated by the GOB and business community and very effective at increasing sales and employment in targeted industries. USAID heads up the LCG sub-group for private enterprise and is a member of the microfinance group. Within microfinance, USAID, through Title III local currency generations, is one of the two main financiers of the PKSF, a national organization which provides loans to microfinance NGOs. The new enterprise development SO is also involved in microfinance policy reform with the central bank and Ministry of Finance, which is coordinated through the LCG. USAID is also a key member of the macroeconomic coordinating group chaired by the IMF.

**B.2 USAID/USG Priorities** Support for agriculture, microfinance, and small and microenterprise have long been a high priority for USAID and the US Congress. The recently approved SO for small and agribusiness brought together pieces of ongoing programs in agriculture, job creation, income generation and fish production, and focuses on their common themes of policy reform, financial sector development, and production and marketing development. The USAID worldwide experience in economic development supports these themes as effective avenues for generating growth and employment. Many of the policy reform topics of importance to small and agribusinesses are also priority issues for the Embassy economic section.

**B.3 Cross-Sector Relationships** Increasing household incomes is at the heart of virtually every initiative of the donor community. The sustainability of social services will ultimately depend on either the users' ability to pay or the government's ability to raise revenues. Food security is as much an income issue as it is a food production issue. In this respect, the shift from encouraging farmers to produce low profit foodgrains and instead grow high value crops is a major shift in the right direction. This shift will also help rationalize water usage, introducing more appropriate crops that can flourish in existing ecosystems rather than reshaping the land and watersheds. Agriculture diversification has also been demonstrated in Bangladesh to promote better nutrition. The home gardening program of Helen Keller has been a key research lab in this effort.

Within economic growth, the Mission believes the combination of enterprise development, energy deregulation, and strengthening democratic institutions is an approach which builds on the Agency's and Mission's best strengths and experience. Small and agribusinesses will especially benefit from improved performance in the energy sector, since these enterprises are the first to be cut off when loadshedding hits. Unlike large businesses that either do not get their power cut or have the financial resources to install captured power, the small businesses cannot afford generators and fuel. With respect to democratic reform, again the small businesses are at a major disadvantage to large businesses. Big businesses dominate the chambers and political organizations that influence public policy, and are often the beneficiaries of corruption. Civil society initiatives to curb corruption, promote the rule of law, and make government more responsive, will especially benefit small businesses.



**B.4 Looking Ahead** Based on the positive trends in the development and deregulation of agribusiness, this sector program should be very successful. On the small business side, initial progress on production and marketing of selected industries has also been good. The absence of a clear commitment by the GOB to broad reforms for the industrial and financial sectors, however, will continue to be the biggest challenge. Should a reform movement gain momentum, USAID is fully prepared to increase the policy reform component of this program, particularly for the financial sector, while perhaps cutting back on enterprise-specific development. If structural reforms are not forthcoming, or the economic environment worsens, the enterprise development component should be reevaluated by 2005.

**B.5 Performance Objectives** The SO-level objectives in small and agribusiness development for the year 2005 are:

- Sales growth of assisted enterprises reaches \$585 million
- Export growth of assisted enterprises reaches \$290 million
- Cumulative jobs created total 242,000

In addition to these SO-level objectives, the program will have made substantive policy inputs, together with other donors and the GOB, that lead to the following structural/macroeconomic changes:

- Reduction of import restrictions
- Adoption of a lower, more uniform tariff structure
- Simplification of export procedures
- Reduction of direct subsidies to the private sector
- Commitment to divest all state-owned enterprises and financial institutions
- Elimination of interest rate ceilings
- Increased autonomy for the central bank
- Expansion of credit to small and medium size businesses using market based guarantees, moveable asset-based lending, and cash flow lending
- Adoption of standards of business conduct by major business chambers and associations
- Increased autonomy and public/ private funding of agricultural research

For the year 2010, we have not established enterprise development targets beyond the present SO life. We do however anticipate a continued focus on improving the structural economic environment, with the following targets:

- Nominal rate of tariff protection below 15 percent for all goods
- Elimination of all import restrictions, except those related to health and safety
- Elimination of direct subsidies to the private sector
- Divestiture of state-owned enterprises and financial institutions completed
- Full autonomy for the central bank
- Financing for small and medium sized businesses broadly available
- Increased autonomy and sustainability of entire agricultural research system



## C. IMPROVED MANAGEMENT OF OPEN WATER AND TROPICAL FOREST RESOURCES (SO 6)

**C.1 Sector Fit** The open water management component of this SO is the direct outcome of earlier USAID technical assistance to the Flood Action Plan, The Ford Foundation work on community-based wetland management, and ADB and World Bank fisheries loans. Working together with the Ministry of Fisheries and Livestock, and the Ministry of Water Resources, there was a broad consensus among all donors that a community-based water management (CBWM) initiative needed to be undertaken nationwide. The team leader for USAID's open water program was the lead consultant



working to develop the CBWM program. While USAID is the first donor to begin implementation, the World Bank Fisheries IV program has followed right afterward, and there are at least five other bilateral donors coming right behind. The division of work has been laid out ahead of time geographically to avoid duplication. USAID has helped pioneer in the performance monitoring structure, ensuring that the data we collect for our SO will be used by all donors to develop national statistics as programs proceed.

In the tropical forest management component, we are still searching for the best fit. This work is closely related to the open water management program, since the tropical mangrove areas are actually one of the important open water resources of Bangladesh. The main concern is that the ADB and other donors already have large programs underway in the Sundarbans area, so we are looking at other mangrove areas for the Tropical Forest Conservation Act program. One possibility is the region south of Chittagong which use to be mangroves but was deforested in an unsuccessful attempt to promote shrimp farming. Experts believe this critical mangrove swamp could be regenerated. Besides the mangroves, USAID will examine possible interventions in upland tropical forests that could help broaden the ongoing open water management program to include a holistic watershed management approach. USAID will serve as a facilitator in this component, helping to set up the NGO trust that will ultimately be responsible for the program.

**C.2 USAID/USG Priorities** To date the ANE Bureau has worked largely in the Middle East on issues of water. With the recent addition of SARI, the opportunity to look more closely at South Asia could open up. From Bangladesh's perspective, this would be appropriate. Water sharing between Nepal, India and Bangladesh, and between Pakistan and India, will certainly be dominant themes in the region over the coming years. With one quarter of the world's population crammed in this relatively small landmass, the pressures on fresh water supplies will be enormous. From an environmental standpoint, we believe this program is already consistent with both the biodiversity objectives of the USG and USAID, and with the water and forest conservation thrusts with respect in internationally critical wetlands and forests.

**C.3 Cross-Sector Relationships** The most direct link of this SO is with the agribusiness and small business SO. The community based water management program begins with intense dialogue at the community level on the needs and constraints of the people. Without exception,



the major demand of the people is to earn more income. In this respect, the agribusiness and small business programs are often the ideal answer to problems. For instance, if the farmers begin to understand that water-intensive crops like rice do not earn them near as much money as other high value cash crops, they can often make a quick transition that serves everyone's needs. Likewise if open water fisherfolk can be shown that illegal netting is damaging their own income stream, and can be organized to develop lease-based fish ponds instead, the result can boost incomes while reducing pressures on scarce water resources. The community-based approach of this SO also is a clear example of civil society taking responsibility for its own well being. Groups organized to date have marveled at how responsive the local government officials can be when everyone works together for a common goal. This impact will spread considerably as this program is unfolded nationwide.

**C.4 Looking Ahead** We are only at the beginning of the new open water and forest management program, which we believe will take at least the full ten years of this strategy to successfully conclude. While expanding to include regional initiatives will be a big challenge given the powerful political undercurrents that water negotiations often involve, it is such an important regional issue that at least it deserves consideration. As the Tropical Conservation Forest Act program gets underway this year, this will also provide an indication of the potential for USAID to impact tropical forest preservation. As the Mission gains expertise and understanding of environmental issues in Bangladesh, we will keep open the option of expanding our environmental program should funding be available.

**C.5 Performance Objectives** The SO 6 program will undertake the following:

- Establish and adapted for replication nationwide a model for community co-management of floodplain and tropical forest resources management.
- Establish seasonal and perennial aquatic sanctuaries and tropical forest reserves.
- Conserve and enhance species diversity in aquatic and upland ecosystems.
- Establish a sustainable production system for aquatic and forest resources.
- Increase the equitable access of local communities to open-water and tropical forest resources.
- Generate supplemental income for poor fishers or other resource user groups.
- Stimulate awareness and public policy change in natural resources use.

Five-year performance objectives are:

- 10,000 hectares of floodplain being managed in a sustainable manner
- 80 kilogram per hectare increase in the production of target floodplain regions
- 50 species protected or reintroduced to enhance biodiversity of target floodplain regions
- Target tropical forest areas conserved and sustainable management being practiced

The ten-year objectives will greatly depend on the replication of the community management models by the GOB and other donors. Our hope is that all priority wetland areas in the country





will be under community management by the year 2010; that the Ministry of Land will have divested ownership of all wetlands to the communities; and that the regional issues affecting water management in Bangladesh will at that point be the increasing focus of national and donor attention.

#### **D. IMPROVED PERFORMANCE OF THE ENERGY SECTOR (SO 7)**



**D.1 Sector Fit** The recently approved SO for Improved Performance of the Energy Sector is designed to increase the institutional capacity of key energy organizations in Bangladesh to make informed decisions in clean energy development; improve the enabling environment for power and natural gas development; and increase public support for energy sector reform. The goal of SO7 is to facilitate significant reform in the energy sector and thereby improve its performance. SO7 also aims at reducing Greenhouse Gas (GHG) emissions from the energy sector, particularly by enhancing institutional capacity and encouraging policies that promote production and use of cleaner fuels, such as natural gas, and reduce energy demand through increased energy sector efficiency. The selection of topics within the sector was not difficult, as the deregulation process is by far the most critical action required to allow a major overhaul and influx of private sector financing for the power and gas sectors.

Active donors in energy reform are the World Bank, the ADB, and CIDA (Canada). Japan OECF and Germany are also providing funds for system development, including rural electrification and expansion of generation and transmission. At first the two large multilateral organizations questioned the need for USAID to join on energy reform. This stage quickly passed as the quick-response, flexible USAID program developed a lead role in working with the GOB to strengthen their understanding of reform programs which had been demanded by the multilateral organizations for over a decade. Recent breakthroughs in power sector strategy development, the spin off of transmission lines, and heightened dialogue on gas exports, are major steps forward.

The initiation of the SARI regional energy program has also been timely, and demonstrated a very good fit. A recent regional energy event jointly sponsored by TDA, USAID and the US Department of Energy served to highlight the mutual interests and potential in the region, and the need to begin regional discussions based on facts, costs and benefits rather than just political posturing. We are hopeful that SARI will be a great start not only for energy, but also for a wide range of regional issues that will benefit from open doors and initial successes of the energy program.

**D.2 USAID/USG Priorities** Efficient development of Bangladesh's energy resources is critical for its economic development. Furthermore, if large exports of natural gas were forthcoming, the GOB's budget and foreign exchange position would be significantly strengthened. Secretary Richardson of the USDOE targeted regional energy development, and Bangladesh gas development, as an international priority before USAID initiated its new SO. The Bureau support for the SARI energy program confirms this judgment. The targeted reduction of greenhouse gas emissions under this SO is a further compelling reason this program is an appropriate inclusion in the portfolio. Although Bangladesh is not a major source of carbon and other emissions, the



possibility of gas exports to India opens a significant window for replacing high emission coal burning with clean natural gas. USAID believes this program will continue to be a high priority USG undertaking for the duration of this strategy.

The new clean energy SO is designed to help achieve a sustainable Bangladesh energy sector that is market oriented and capable of attracting significant additional private investment, both domestic and foreign. We hope to have an energy sector in which both the power and hydrocarbon elements will be “unbundled” into separate production, transmission/transport and distribution entities. One or more independent regulatory bodies will set rates and tariffs for monopoly services (power transmission/gas transport) and maintain rules to ensure the efficient operation of these unbundled power and gas entities. On the gas side the sector will be significantly export-oriented which, given Bangladesh’s ample natural gas resources, should generate the additional revenue required to further develop the sector, as well as the economy as a whole. Bangladesh energy policy capacity and technical expertise will have increased exponentially as a result of training and institutional development.

**D.3 Cross-Sector Relationships** Successful deregulation and development of the energy sector should have a very positive impact on virtually all aspects of life in Bangladesh. Employment generation in the formal and informal sectors has been constrained significantly by the lack of power and the high cost of alternative energy sources. Even without new enterprises developing, employment opportunities could increase substantially if industries could operate with the assurance of a reliable power supply. Availability of additional power has also hampered the expansion of rural electrification. As power becomes available, this program will play a lead role in encouraging off-farm employment in rural towns. Reducing the flow of migrants to Dhaka and other major cities is a very high priority for the future. Sector reform and natural gas development could eliminate the large budget drain of subsidizing the present inefficient power system, and generate a major new source of foreign exchange and local profits. This in turn will allow the GOB to expand social services, especially health and education.

**D.4 Looking Ahead** We believe the clean energy program will remain a top priority over the ten-year strategy period. We should anticipate, however, a continual development of the agenda based on the pace of reform, development of the natural gas sector, and the willingness of the regional partners to work together. The SO and SARI have been purposely developed with the flexibility needed to allow such adjustments. Barring a complete stalemate in the sector, we think USAID can play a continuing catalytic role in ensuring a level playing field for private sector energy development.

**D.5 Performance Objectives** The clean energy SO was initiated in early FY 2000, and the final results framework has yet to be completed. The broad objectives of the program through 2005, however, are fairly clear cut. These include:

- Establishment and initial functioning of an independent regulatory body for the gas and power sector
- Increased participation of the private sector in power generation, transmission and distribution, with the entire transmission grid being managed by the new Power Grid Company



- Expansion of the gas grid in Bangladesh to the western half of the country, largely through private investments
- Initial agreement reached between India and Bangladesh on the export of power and gas from Bangladesh
- Substantial reduction and avoidance of carbon dioxide emissions (amount TBD)
- Approval of new environmental regulations and practices for the gas sector that reflect internationally accepted and appropriate standards

Beyond FY 2005 we still envision the need to help strengthen the new regulatory and oversight institutions to be created in the energy sector, and will likely establish follow-on objectives that reflect this institution-building process. The need for large-scale donor assistance in energy should diminish as private capital and expertise become increasingly attracted to Bangladesh. Objectives for the year 2010 include:

- Unbundling/privatization in the power sector and of Petrobangla completed
- Power and gas sectors largely overseen by independent bodies
- Power outages eliminated nationwide
- Sixty-five percent of households have electricity connections
- Gas and power revenues cover foreign exchange costs of power and gas sector development.

## **E. IMPROVED FOOD SECURITY FOR VULNERABLE GROUPS (SO 8)**



**E.1 Sector Fit** The public food distribution system is overseen by the Ministry of Food, a long-time partner of USAID and one of the most effective ministries in the Government. During times of disaster it is also our main partner. USAID is the major donor in food aid and the rehabilitation of rural roads, followed by the World Food Program (WFP). The UNDP, UNICEF and DFID all contribute to disaster preparedness and response activities. Overall policies in food management are greatly assisted by the IFPRI policy team which is financed by USAID under this SO. With IFPRI's guidance, the sector has been well directed and coordinated.

There is an active Local Consultative Group (LCG) within the World Bank donor forum, the LCG being headed by WFP with USAID as an active participant. CARE and World Vision, the two USAID Title II partners, are also active in the LCG meetings. The targeting of geographic areas is coordinated through poverty studies conducted by the WFP, and CARE greatly facilitates the coordination of works programs through maintenance of a comprehensive GIS data system for the whole country.



Coordination of food amounts to be brought in still largely depends on surplus quantities and commodity prices in the world, and is thus difficult to time and coordinate. To compensate for this unpredictability, the GOB has increasingly relied on private sector sellers and distributors for critical foodgrain supplies. Nevertheless, surplus food is generally welcomed to help minimize the demands on scarce foreign currency accounts, and once food is allotted by donor countries, the coordination within Bangladesh is excellent, as is the host country leadership on both food security and disaster assistance

**E.2 USAID/USG Priorities** Food security as a major international development agenda item was brought to the forefront by the FAO in Rome, with the US Government and USAID recently providing a strong endorsement to this initiative. While food imports and food security are not a frontline issue for many missions, South Asia is one of the highest priority regions in the world for food security. With Bangladesh high on the list on almost all indicators of nutrition and food problems, we believe a continued program along the lines of the present Title II initiative is essential. USAID works closely with the USDA offices in New Delhi to design other possible food assistance programs. For instance, recent 416b wheat proceeds have allowed the Mission to provide local currency support for child labor, local government development, agriculture research and food storage programs.

**E.3 Cross-Sector Relationships** Three of the SOs in the portfolio have a very close, symbiotic relationship. These include the food security SO, the agribusiness and small business SO, and the open water management SO. Within these, our food security program plays a major role by:

- Reducing the pressure to grow grain crops while the rural areas undertake a shift toward higher income crops. This in turn will relieve the demand for food security programs as rural incomes increase.
- Building rural roads, which directly enhance rural income generation and marketing prospects.
- Minimizing the threat of a major setback during disasters, which allows the GOB to be more willing to take risks in its reform agenda.

The Title II programs also directly and indirectly support local government development. CARE/Bangladesh has completed a very successful pilot program in local government development that has now been expanded under the new five-year DAP. USAID will be combining Title II and 416b local currency initiatives to continue the local government and civil society development programs under the new DG SO. In addition, CARE and World Vision both implement their rural works programs through union councils. This process has contributed significantly to public participation in, and understanding of, local government programs.

The other major linkage of food security is with the PHN program, especially nutrition. Not only are the emergency and school-feeding programs important for nutrition, but new endeavors to introduce fortification of wheat flour, and new rice varieties with improved nutritional content for possible local cultivation, could be major steps in combating micronutrient deficiencies.

**E.4 Looking Ahead** Right now, the GOB has its storage facilities full to the brim with wheat and rice. With the knowledge that the country is getting better all the time at managing disasters, we think large inflows of emergency food assistance will not be required for a while. We believe the GOB wants to make it through future disasters without calling for food. They are perhaps





within reach of this goal. To support the vulnerable groups feeding programs where incomes are too low to take advantage of available foodstocks, there will be a continuing need for targeted feeding programs for the near term. Once the five year DAPs of CARE and World Vision are completed, it will be appropriate to revisit the impact and need of wheat imports again.

**E.5 Performance Objectives** The SO8 program to improve food security under Title II food assistance actually consists of a two-pronged intervention. Wheat provided to the GOB is distributed for direct feeding largely through the GOB-managed food for education program, helping over 7 million people annually. The food insecure children and their families who receive wheat through direct feeding live throughout the country, and not necessarily in SO 8 target vulnerable group regions.

The second prong of this program is the monetization of the wheat provided to the GOB. This monetization provides the funding for the programs implemented by CARE and World Vision. These programs develop the rural farm to market road network, improve village and urban sanitation and health, help educate women on health, nutrition and sanitation, provide potable drinking water, help construct flood proofed schools and disaster shelters, and train NGOs and communities in disaster preparedness. Over 2 million persons are annually assisted under our targeted vulnerable group programs, which is additional to the 7 million beneficiaries of direct feeding.

USAID also funds the International Food Policy Research Institute and CIMMYT to work with the Ministry of Food and the Ministry of Agriculture on improving public food policy and developing sustainable wheat research programs in Bangladesh, both critical to food security. Related to this are plans to begin local fortification of wheat flour with critical micronutrients. Objectives of the SO 8 food security programs are as follows.

- Over 9 million persons benefit annually from direct feeding and monetization programs.
- Percent of households consuming minimum daily food requirement in target areas increases from 55 percent in 2000 to 59.3 percent in 2005 and to 65 percent in 2010
- Stunting among vulnerable group children reduced from approximately 58 percent to 50 percent in 2005 and to 35 percent in 2010
- 85 percent of the public food distribution is going to targeted programs
- 100 percent of the food grains are imported exclusively by the private sector
- All persons in disaster affected areas will have ready access to emergency relief supplies by 2005
- Cost of transportation in rural areas is reduced by 40 percent from 2000 to 2005

## F. STRENGTHENED INSTITUTIONS OF DEMOCRACY (NEW SO 9)



**F.1 Sector Fit** Democracy is a fledgling sector in Bangladesh, at least as far as donor assistance is concerned. Only recently was an LCG established to address democracy and governance, and few donors have specific governance activities. Nevertheless, almost every donor agrees that good governance is the most important issue in Bangladesh. This is highlighted by the fact that the development forum in Paris this spring will focus solely on governance and corruption as topics for discussion. The



three donors who have taken on similar issues with respect to democracy are USAID, the World Bank, and UNDP. The World Bank has directed most of its effort toward judicial reform, whereas the UNDP and USAID are supporting parliament and local government development. It is too early to say there is sectoral integration because programs are just now getting underway. Initial dialogue however has been very productive, and bilateral donors such as the UK and Denmark are preparing to work on local government.

When one looks at civil society and human rights, however, the sector is much more mature. First, the NGO community in Bangladesh is one of the most vibrant in the world, and the donor community is a strong supporter of the NGOs. In human rights, almost every donor has some aspect of its program directed toward girl and women's empowerment, which has already had a profound impact on the lives of rural women. On the specific human rights areas of trafficking, child labor, and domestic abuse, and in anti-corruption programs, donor coordination is becoming fairly effective. Unfortunately, there is a dearth of strong local organizations that can serve as a counterpart to donor initiatives on sector-wide programming. The GOB has talked for years of creating a Human Rights Commission, but no action yet. There are also no broad-focused nationwide human rights organizations. The donors are therefore leaning toward coalition building among many smaller NGOs. ATSEC (Against Trafficking and Sexual Exploitation of Children), a new USAID grantee, and the Bangladesh Shishu Adhikar Forum (Children's Rights), are outstanding examples of NGO coalitions capable of having a national impact.

**F.2 USAID/USG Priorities** The US Government has established a clear, high priority for the support of democracy within our foreign policy. While total financial resources for the DG sector in USAID do not yet match the rhetoric, the increased interest in specific facets of democracy and human rights, including child labor, trafficking of women and children, and support for elections, is encouraging. The new USAID/Bangladesh democracy SO is designed to address human rights abuses of international concern to the US while strengthening key institutions of democracy through linkages to civil society. The Mission Program Plan for Bangladesh has consistently noted the strengthening of democracy and human rights as the highest priority for the USG in Bangladesh. Coordination amongst the USG agencies in Bangladesh on the new democracy SO has been outstanding. Department of State commitments to support parliament and anti-trafficking programs are a clear signal of support. Recent announcements by the US Department of Labor of planned assistance for child labor and anti-trafficking further reaffirm the priority of these activities.

**F.3 Cross-Sector Relationships** Democratic reform and economic reform are frequently two sides of the same coin. Both involve the redistribution of power within the country. In Bangladesh, as in many other countries, the line between business and politics can often be hard to distinguish. The good news is that this does not necessarily mean twice the work. The efforts in economic reform and strengthening institutions of democracy should have a strong and mutually supportive relationship. While the new democracy SO, with a common theme of strengthening civil society, is just beginning, the entire USAID program is grounded in a civil society approach to development. The community-based open water management program, the strong links between the food security program and local government development, the decentralized, NGO-based approach to population and health, and the emphasis on small and microenterprises, all contribute to strengthening private and community initiative and responsibility. The USAID/Bangladesh program is in fact totally administered by NGOs and US partners.



**F.4 Looking Ahead** Bangladesh has a long way to go before its institutions of democracy, governance, human rights and civil society are effective in meeting the needs of its people. While the donor community will only have a peripheral role in this transition, the United States, among all donor countries, has the most to offer and has most directly declared its support for democracy. We see the modest commitment of funding for the new democracy SO as the beginning of a long-term commitment to supporting an open society in Bangladesh. While the focus on specific issues may change as international priorities shift, we believe the core commitment to democracy in Bangladesh must remain a fixed element of the strategy. It is important for economic reforms, for the quality of life for millions of Bangladesh citizens who would otherwise have no voice in their future, and for the struggling democracies of the world who are judging the resolve of the United States and countries like Bangladesh to stay the course.

**F.5 Performance Objectives** The results framework for the new democracy SO has yet to be completed. Nevertheless, the broad objectives of the program are set out in the SO itself. The five and ten year objectives are set out below.

Five-years:

- A national consensus will emerge on how Parliament should function, how political parties should cooperate, and what the role of the opposition should be.
- Substantially greater civil society influence will be exerted on parliamentary committees; parliament will become more open to civil society input and will structure ways to receive it, such as public hearings.
- Electoral laws and systems will be further improved.
- A national consensus will be emerging on the shape of a permanent local government system.
- Responsive local government programs will be effectively operating in target districts
- Citizens are more aware of human rights abuses; government and political parties are more sensitive to human rights issues.
- NGOs will be implementing informed and effective strategies to oppose the trafficking of women and children. The general public, including vulnerable groups, will be more aware of how trafficking occurs and how to prevent it.

Ten-years:

- Parliament will be functioning as a stronger and more independent branch of the Government
- Political parties in parliament will work more professionally, and follow rules of competition.
- The opposition will be accepted as an integral part of democratic government, having the right to express its views on matters before the house.
- Political parties will be functioning internally more democratically.



- Institutions charged with managing elections will be able to do so more effectively and independently; elections are generally viewed as free and fair; and losing parties generally accept the outcomes.
- A local government system is established built on a consensus of the major political parties, rather than imposed/changed unilaterally by a government in power.
- Responsive local government programs will be replicated broadly throughout the country with GOB and other donor support.
- Human rights abuses by the police will have substantially decreased.
- National and regional efforts to reduce trafficking, child labor, and domestic violence will become institutionalized and effective in reducing abuses.





#### ***PART IV. SOURCES OF DEVELOPMENT INVESTMENT***

Donor assistance comprises a significant portion of investment in Bangladesh's development. With its population of over 127 million people, current donor assistance amounts to about \$9 per capita per year in official development assistance (ODA). Among countries ranked "Low" on the U.N.'s 1999 Index of Human Development, Bangladesh receives one of the lowest levels of per capita aid.

For the Bangladesh Fiscal Years 1997 and 1998, external assistance averaged about 52 percent of the Government's Annual Development Budgets of approximately \$2.3 billion and \$2.4 billion, respectively. When investment from non-government sources is also taken into account, donor assistance is still a significant contributor to investment in Bangladesh. Gross Domestic Investment (GDI) as a percentage of Gross Domestic Product (GDP) was 22.2 percent in FY 1999. One-third of this investment (6.7 percent of GDP) was made by the public sector.

Bangladesh has liberal trade and foreign investment policies, and reforms have opened up some areas such as garment manufacture, frozen food export, and software to private entrepreneurs. As a result, private investment has steadily increased from 5.8 percent of GDP per year in 1991, to the FY 1999 level of 22.2 percent GDP. Overall, however, the level of investment is still too low to achieve the levels of growth required for Bangladesh to lift itself out of poverty. This particularly reflects the fact that the private sector does not yet play a sufficiently large role in investment.



Foreign direct investment (FDI) has recently increased, but is still low, and the Central Bank indicates that the increase is due almost entirely to investments in the natural gas sector. For GOB FY 1997, FDI inflows were \$16.0 million. In 1998, with gas exploration activities coming on stream, FDI jumped to \$249 million in 1998, and stayed at \$198 million in 1999. A weak capital market has contributed to negative numbers for portfolio investment for three of the past four years. Disinvestment was -\$132 million in FY 1997, and -\$6 million in FY 1999.

The Government of Bangladesh has steadily increased its share of the Development Budget since 1990, when this was 100 percent financed by external assistance. The GOB plans to continue to increase this in both absolute terms, and as a share of the overall amount. Nevertheless, the need for high levels of external assistance will remain for some time to help support the rate of growth required to reduce poverty. GOB development budget projections anticipate ODA will continue to increase slightly, rising from \$1.7 billion in GOB FY 1997, to \$2.3 billion in FY 2002. Areas slated for substantial increases in public investment include rural development, transport, physical planning/housing, education, health, and communications.

Coordination among the numerous donor entities in Bangladesh is good, with the World Bank taking the lead. There is consistency and mutual reinforcement among the donors' strategies and programs, and a shared understanding of the need to focus on poverty reduction as a common objective. Although some donors are not members of the Local Consultative Group for aid



coordination, their contribution is a small portion of external assistance to Bangladesh. Donors such as China, South Korea, Saudi Arabia and OPEC, provided about 7 percent of assistance outlays for GOB FY 1998.

The Bank, the ADB, and the Japanese, with their very substantial resources, have made infrastructure and industrial growth/economic reform the centerpieces of their portfolios. Their programs also include direct poverty reduction programs, including education and health. The Bank's Country Assistance Strategy was approved in 1998, and reflects its mission which is "to help Bangladesh reduce poverty by promoting rapid, job-creating economic growth, and interventions that directly assist the poor." Strategic priorities for Bank programs are improving macroeconomic management, promoting a competitive private sector, promoting better public sector management, accelerating agricultural growth and rural development, and promoting faster and more equitable human development. Programs include an emphasis on institutional development. Target institutions include the Bangladesh Bank, the Privatization Board, the Law Reform Commission, the Ministry of Health and Family Welfare, and the judiciary; and new public institutions such as utility regulators, financial courts, and a social fund to support NGO and community programs.

The Asia Development Bank's (ADB) strategy, which was approved in late 1999, focuses on poverty reduction through activities in four areas. ADB promotes private sector-led economic growth with programs to improve infrastructure (energy, ports, rail and road links), and improve public administrative capacity in such areas as land administration and national accounts, local government development, and capital markets. ADB assists the rural and urban poor through investments in local infrastructure, water resources development, crop/agribusiness credit, and expanding and upgrading microfinance institutions. It promotes human development with interventions in both basic and secondary education, and urban primary health. ADB also focuses on urban environmental issues. Under the new strategy, ADB will look for ways to build its partnership with NGOs.

Japan's strategy is "poverty eradication ...by accelerating economic growth under private sector initiative, and simultaneously ensuring an adequate supply of basic needs." Priorities for Japanese assistance are agricultural and rural development and enhancement of agricultural productivity; improvement in basic human needs, health and medical services; creation of the base for promoting investment and exports; and disaster relief. In implementing activities, Japan emphasizes human resource development, institution building, and environmental impact. For 1994-1998, grants comprised about one-third of Japan's assistance, with loans going for major infrastructure and credit operations, and grants for activities ranging from minor infrastructure to food aid, debt relief, and various health sector activities. Japan, like most other donors in Bangladesh, works with the NGO community, particularly in carrying out social sector activities.

Other important donors include the European Community, the U.S., the U.K. (DFID), Germany, the Netherlands, and the Scandinavian countries. The aim of DFID's 1998 strategy is to contribute to poverty elimination both by direct interventions on poverty, and by supporting more rapid but broad-based, pro-poor economic growth. Direct poverty interventions include activities to improve livelihoods, plus education, health/family planning, and water and sanitation. Economic growth activities, above and beyond those focussed directly on improving livelihoods, may include projects to strengthen economic reform or institutions, e.g. fiscal management, financial sector reform, privatization, and promotion of investment and trade. In addition the U.K. program strategy emphasizes governance, institution building, and human rights.



The EC's strategy, completed in 1993, emphasizes poverty alleviation through increasing incomes and food security for the poor; improving their access to health services, particularly for women and children; and improving their access to education. EC's focus is on the very poor and on human resources development, with an eye to promoting the environment and entrepreneurship. Vocational and literacy training, and improving rural investment and employment opportunities are important areas for the EC. Like USAID, the EC provides substantial food aid, and has developed a policy whereby food aid is integrated into, and supports a comprehensive development program.



## **Appendix A: Analysis of Conflict Prevention in Bangladesh**

Bangladesh came into being in 1971 in one of the most violent and bloody conflicts in recent history. Up to 3 million Bangladeshis died in the war for independence from Pakistan. Yet Bangladesh today is blessed with peaceful and largely productive relations with its neighbors. Given their common bond of religion, Bangladesh and Pakistan have had very good relations ever since Independence.

Relations with India are more complex. Bangladesh is almost entirely surrounded by India, and the border areas are largely open, with thriving cross-border trade and travel. Yet the sheer size of India and its political and military prowess makes its relationship with Bangladesh uneven. While Bangladesh does not militarily fear India, it certainly fears its economic and political weight in the region. India's behavior often supports these fears. For instance, India dominates trade negotiations with Bangladesh, resulting in a very negative trade balance for Bangladesh. India does not seem to mind an uneven result in many bilateral or regional fora. The hope is that as the Indian economy gains strength, and its democracy continues to mature, India will play a more proactive and positive role in regional development and cooperation.

As noted above, the near-term potential for military conflict between Bangladesh and India are minimal. For one thing, India need not fear the small, modest military of Bangladesh, which would not be capable of fighting with India. More importantly, Bangladesh with its 127 million people, represents a potential burden to India rather than a tempting target. India's most pressing concern is preventing large-scale migration of Bangladeshi's into India. In the future, however, regional disputes over water, or over oil and gas discoveries in Bangladesh, could be reason for concern. Improved management of energy and water resources, as well as population, are all high priority undertakings in this strategy that will help minimize the long-term possibilities of conflict.

The one area where conflict prevention may come into play more immediately in Bangladesh is the Chittagong Hill Tracts, which borders with both Burma and India. The present government in Bangladesh signed an important peace treaty with the ethnic hill tribes in the Chittagong Hill Tracts (CHT) in 1996. So far this has resulted in a cessation of longstanding skirmishes between the ethnic groups and the Bangladesh military and settlers. (Unrest continues however in bordering regions of India and Burma). Nevertheless there are many actions mandated in the peace treaty that have not yet been undertaken by the GOB. This inaction is threatening to eventually undo the peace treaty. For now most donors have decided it is best not to support development programs in the CHT region in order to keep the pressure on the GOB to fulfill its commitments. Likewise there are many tribal leaders who prefer the donors do not begin programs until the GOB takes action.

The basis for conflict would likely be land. As the population density in Bangladesh continues to increase, the sparsely populated Chittagong Hill Tracts is a tempting migration target for landless Bangladeshis. At the same time Burma has in the past pushed tribal residents out of Burma into the Hill Tract region. Attempts by the UNHCR to repatriate these refugees have been largely unsuccessful due to lack of cooperation from both the refugees and from Burma. For now the best approach is to continue programs that provide employment opportunities in Bangladesh, and help reduce the population growth rate. At such time as direct assistance in the CHT region becomes feasible and appropriate, USAID will expand existing program coverage there and consider



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directed programs utilizing food assistance and local currency generations. Title I funding is already earmarked for work in the CHT.





## Appendix B: Gender Analysis

### *I. Country Background*

The UNDP's Gender-related development index (GDI) ranks Bangladesh at 140th position out of 174 countries. The main causes for this low index value are low literacy rates and the very low share of earned income of women compared to men. In 1995, the female literacy rate was estimated at half that of men. Women's share of earned income stood at only 23 per cent, while in least developed countries as a whole, the average female share of earned income was more than 34 per cent. Bangladesh is one of the very few countries in the world where women have a lower life expectancy than men.



Although the constitution of Bangladesh formally provides for equality between citizens irrespective of gender, women's mobility and access to resources is extremely limited by social customs regarding division of labor, distribution of power, responsibilities, and rights. This differential and subordinate role for women in the society is perpetuated by law and by sociocultural norms which favor men in matters related to inheritance and other financial dealings, and promote the giving of dowry by women's families at the time of their marriage. The low value placed on girls and women results in their being given less food and less medical care than males. The discrimination faced by women and girl children from their earliest years, along with restrictions on their physical mobility, means that their access to resources such as education, health and finance is limited throughout their life cycle. This, in turn, limits their opportunities to improve their situation.

In terms of ownership of land and assets, men at all levels of society are better off than women. It is estimated that a significant majority of those people living in absolute poverty are women, with 45 percent of female-headed households living below the poverty line. Women's workloads are frequently heavy, leading to the concern about the "triple burden" they carry in terms of market and non-market productive activity, as well as reproductive responsibilities and child rearing. Within the family, women are rarely in a position to participate in decision-making with regard to important matters such as children's education and marriage, although this has been changing somewhat in recent years.

Gender discrimination from birth leads to short stature, underweight, and anemia for many Bangladeshi women. Although all pregnant women are at risk of developing obstetric complications, women with short stature, anemia, and low body mass index are at greater risk of maternal death. The low status of women also contributes to delays in accessing maternal care services, which also leads to maternal deaths. Globally the maternal mortality rate is seen as an indicator of the overall status of women of a country. The maternal mortality rate in Bangladesh is 4.5 maternal deaths per 1000 live births compared with 0.8 in Sri Lanka. Violence against women is also a critical human rights and public health problem in the country.



Women's contributions to the economy are largely invisible because much of their activity consists of non-market work. In rural areas, women do not have access to markets, and find it harder to obtain income-earning work. Some of the micro-finance schemes provide women with opportunities for self-employment, but market access remains a persistent problem. Most women working in the market economy operate in the informal sector. Even in the garments sector, which has been the fastest growing sector of the economy in recent years, and where the majority of the workforce is female, the conditions are often in violation of legislative provisions and female workers are mostly paid lower wages. Senior management in the factories remains a male preserve.

Although women constitute 49 percent of the population, they are marginalised in the political decision-making structures of the country. Currently, the Prime Minister and Leader of the Opposition are female (the inheritors of political dynasties), but at the senior levels of the executive, legislature and judiciary branches, the numbers of women are strikingly few. Apart from the ten percent of seats reserved for women in Parliament, only seven women have been directly elected as members of Parliament. This is partly due to the reluctance of political parties to field women candidates, because women are so often at a disadvantage in both social and economic terms in comparison to their male counterparts. This disadvantage has been partially redressed in the recent Union Parishad (UP) elections, which provided for direct election of women to one quarter of the seats at the local level. This means that there are now 12,828 female members, of whom 20 are chairpersons of their Union Parishad. Around 10 percent of judges in the subordinate courts are women. However, there are no female judges in the Supreme Court, and women hold less than 5 percent of senior positions in the civil service.

Clearly, development cannot succeed in Bangladesh if women are not helped in such a way as to increase their contribution to development, and to reap its benefits.

## ***II. Mission Gender Development Strategy***

Although some specific activities have changed, the overall USAID/Bangladesh Women in Development Strategy established for the period 1996-1998 remains valid. Given the pervasive nature of gender discrimination in most, if not all aspects of women's lives, it makes sense to integrate gender concerns into the Mission's programs across-the-board, as opposed to focussing on any specific, gender-led objective(s). This "mainstreaming" approach was recognized as legitimate to the circumstances in ANE Bureau's December, 1997 Report on "Gender Integration in the Asia/Near East Bureau of USAID" by Gretchen Bloom.



A Mission Gender Action Team (GAT), which cuts across the implementing SO Teams, provides guidance to the Mission on matters relating to increasing understanding of gender issues, the design of activities in response to these, and implementation, monitoring and evaluation of gender-related activities. The GAT also serves as a forum for assuring there is a common



understanding across the SO Teams of gender issues and objectives, and complementarity of activities and approaches.

The Mission's Women in Development Objective (WID), which is in support of its overall program goal of a sustainable reduction in poverty in Bangladesh, remains, to empower women. Each SO, to a greater or lesser degree, either involves one or more specific interventions with women, and/or is projected to have a positive impact on their status. Specific interventions fall into five categories: reproductive rights, health and family planning, economic status/participation, legal rights/awareness, and political participation. The strategy reflects lessons learned by researchers and development practitioners that indicate 1) the social and economic emergence of women requires that they must, at least in part, control resources; and 2) there is a need to strengthen and enforce laws, which protect their rights, and assure their awareness of these.

Based on past experience, USAID/Bangladesh's interventions with women will also continue to emphasize activities which enhance the associational strength of women, and in this manner, promote greater women's participation in, and benefit from, the social, economic, and political life of the country. Women's participation in groups or networks, for whatever purpose — credit groups, groups of family planning workers, or voter groups — appears to play a major role in building their self-confidence and capability, thereby enhancing their participation. (The premise that there is safety in numbers appears to apply.) The role of group participation and association in promoting the empowerment of women is the key concept underlying the Mission's WID strategy. Where appropriate, all Mission interventions with women promote the formation of women's associations and create linkages between them with respect to activities, e.g. a women's credit group can learn about family planning options; a women's family planning groups can discuss and learn about political rights together.

Specific interventions and/or impacts on gender concerns are discussed below, for each of the Mission's six Strategic Objectives.

### *III. Gender Analysis by Strategic Objective*

#### **Strategic Objective No. 1 -- Fertility Reduced and Family Health Improved**

The National Integrated Population and Health Program (NIPHP) targets under-served population groups and low-performing geographical areas. While the family is the customer in the broadest terms, women are the focus. Although accurate data on maternal mortality are unavailable [USAID will fund a major maternal mortality survey this year], only 15 percent of deliveries are attended by trained personnel. Maternal nutrition is poor, and mortality is thought to be exceedingly high. SO1 addresses major issues related to women's health and women's access to health services. A new emphasis on safe delivery, an extremely under-developed service in Bangladesh, is planned.

Family planning is perhaps the most cost-effective means available of reducing maternal mortality in Bangladesh. Current professional consensus is that high-quality family-planning services and information should be delivered within a customer-centered, reproductive health approach, including basic antenatal care, prevention and treatment of sexually transmitted diseases and reproductive tract infections, and post-partum care for mother and newborn.



NIPHP delivers these services to increasingly larger numbers of women each month. Yet more than health care is achieved through the act of visiting a static or satellite clinic. This health-seeking behavior demonstrates not only understanding by women of the need for services and awareness of accessibility of services. These services, no longer delivered to the doorstep under NIPHP, serve to draw women out of the home to fixed or satellite clinics, increasing their mobility.

A review of NIPHP service statistics clearly shows that the preponderance of clients is female. For example, the female to male ratio for adults in the program's urban areas was approximately 10/1 in February 1999 and 13/1 in February 2000. (Among child clients, no significant difference in the ratio has ever existed.)

### **SO5 -- Growth of Agribusiness and Small Business:**

For women who are single heads of households, income-earning opportunities are essential for family welfare. Even in households with male income earners, research has shown that income earned by women is more likely to be used to improve the welfare of the family than income earned by men. In Bangladesh there is a lack of business and employment opportunities for women, especially for those with children. There is also formal and informal discrimination against women entrepreneurs by financial institutions and other business support institutions.

SO5 incorporates a specific focus on sustainable economic empowerment for women by targeting the needs of women entrepreneurs, managers, and laborers. Objectives to achieve this include getting more women in business at the micro, small, and medium level; getting more women employed; and having more women-managed businesses, including businesses in the financial sector. Some specific gender related objectives under this SO include the following:

- Strengthen women's business organizations as a means of influencing public policy on gender issues, and improving business related services to women members;
- Improve the access of women to markets by providing information and know-how and opportunities to participate in international and local trade fairs;
- Improve the access of women entrepreneurs to finance through specially targeted programs, changes in policies on collateral, and loan guarantee programs for small businesses;
- Improve the skills of women entrepreneurs, managers, and laborers through programs specifically designed for women, as well as special efforts to include women in regular programs;
- Strengthen women managed NGOs;
- Expand home-based enterprises, like home gardening, which allow women to earn income and at the same time care for their children.

Gender-specific data is being collected on all USAID activities under SO5. To date, USAID-funded programs have reached several hundred thousand women for economic empowerment under SO5 and predecessor activities.

### **SO6 -- Improved Management of Open Water and Tropical Resources**

SO6 integrates environmental concern for the water and forest resources of Bangladesh, with a focus on improving equity in general and employment opportunities for women in particular. Lack of alternate sources of income pushes poor women and men towards indiscriminate use of



natural resources, making both equity and gender significant issues for achievement of the environmental objective. Poor members of a community have limited or no access to the credit, information, knowledge, and employment opportunities that facilitate alternate income generating activities. Added to this list, for women in the community, are sociocultural hindrances.

SO6 activities address these problems in the following ways.

- Improving access to credit, employment and income generation activity for both poor men and women;
- Increasing access to technical assistance, training, and information for the poor, particularly for women;
- Providing specific business management training to men and women entrepreneurs;
- Providing specific need-based skill development training to men and women;
- Providing support to women's group formation and strengthening women's associations.

Our target is to help form 100 community groups. Ten women's and fifty men's groups have already been formed, access to credit has been increased, 5000 men and women have participated in awareness-raising meetings, part-time jobs have been created through alternate income generating activities, and incomes increased.

### **Strategic Objective No. 7 -- Improved Performance of the Energy Sector**

USAID's investments in the energy sector address the need to improve the policy environment for, and management of the national energy sector, particularly with respect to private sector development of Bangladesh's natural gas resources. They also include our long-standing program to extend electrification to rural areas. Such programs, by their nature, do not include gender-specific activities, however, they do impact significantly on women as increased availability of power results in some particular benefits to women. Among the most important benefits for women are: increased income opportunities, reduced labor time for certain tasks, improved health for themselves and their children, decreased domestic violence, increased access to information, and a greater possibility for taking advantage of educational opportunities.

There are a number of studies that indicate that increasing income opportunities for women (or raising their productivity) raises their status, and also improves overall household well being. Women are treated with far more esteem when their activities lead to a direct inflow of money. In Bangladesh, most work done by women is household work or supports agricultural production, and either does not produce revenue, or does not directly produce revenue to them. Revenue-producing activities are largely outside of the home, and largely controlled by men, cottage industry and the garment industry being the major exceptions. The shortage of revenue-generating employment opportunities in Bangladesh as a whole reinforces the social conventions that keep women out of the marketplace in favor of men.

At the national level, increased economic development is positively correlated to access to electricity. A recent report by the Global Environment Center shows the strong positive relationship between per capita consumption of electricity and per capita income. Lack of sufficient and reliable power in Bangladesh remains a major deterrent to investment and job creation. Such investment in the garment sector was a major factor in generating revenue-producing employment for several million women in Bangladesh. As other sectors open/grow and





the demand for workers increases, further opportunities for employment of women outside the home will emerge

At the household level, the first impact of electricity generally comes with the installation of an electric light bulb. This allows women to undertake activities such as sewing that could not be done with great precision with kerosene or other lighting. Electricity was also shown to reduce the work-time of women in rural areas. For, example, electricity is often used for rice husking or spice grinding, with one or more industrious individuals controlling the production. Availability of electricity also lowers the time and cost of gathering or buying other fuel such as wood, dung, etc. Releasing women from otherwise laborious efforts involved in maintaining existence frees their time for income-producing activities. A 1996 evaluation of the socioeconomic impact of the Rural Electrification Project in Bangladesh concluded that on average, women in electrified households had three more productive working hours than in non-electrified households. With this increased time, they undertook income measures such as sewing and crafts.

Studies also indicate that, as women's time is released, they often have more time with children, which has a number of positive results ranging from reduced morbidity to better child development. Less time spent on household chores, plus the light bulb, also increases girls' and women's opportunities to take advantage of education. Television, the most popular means of recreation in post-electrification days has been added to the previous list of existing means of recreation and information, namely radio.

Indoor air pollution from burning of wood and/or kerosene was significantly reduced by changing over to electricity for cooking and/or by increasing the use of fans to clear the air. Such pollution, which affects women and children most, is a major source of morbidity and premature mortality. Reduced violence against women is also a benefit of electrification. A study done in rural areas of Bangladesh shows that the trend of violence has been decreasing since electrification. The study shows a remarkable difference in violence against women in electrified villages as opposed to their counterparts in non-electrified villages. The study attributes this to: (a) increased income (b) access through the electronic media to information on legislation against such things as acid throwing, and (c) greater leisure.

### **SO 8: Improved Food Security for Vulnerable Groups**

In Bangladesh women are the most malnourished group, and are most vulnerable with respect to food insecurity. Females eat last, after the male members of the family, and feel the effects of poverty and disaster disproportionately in this respect. The implications of this situation are evident in that some 70 percent of mothers are malnourished, a factor which contributes to approximately 50 percent of Bangladeshi babies being born underweight -- one of the highest rates of low birth weights in the world.

SO8 components address food security issues as a whole, while integrating activities which both increase women's contribution to food security, and specifically address the problems women face in assuring their own well-being and that of their families. Activities focus on increasing women's access to and capacity for carrying out income generating activities; improving their capacity for participating in local governance; improving their knowledge of basic health and nutrition; and improving the food security net and services available to poor and disadvantaged women. Gender specific data is being collected.



Activities include, but are not limited to:

- Women's employment in rural infrastructure rehabilitation under the Cash-for-Work Program
- Union Parishad Capacity Building -- Elected Women UP members' awareness training on their responsibilities and participation in development activities, including accounting, development planning, budgeting, and supervision
- Road side Tree Plantation & Garden -- a 100 percent women run program, with UP women members managing the activities
- Income Generating Program for Destitute Women managed by Union Parishad under CARE supervision
- Flood Proofing Project -- activities focus on women, especially women-headed households, including home gardening, earth raising, home building, tubule installation, an awareness program, and training on health and nutrition, childcare, gardening, forming mothers' clubs, etc.
- Flood Shelter and Separate toilet and accommodation facilities for women.
- Disaster Relief Package -- distribution prioritizing women headed households
- Slum development focusing on women's and children's health, nutrition and income

SO 8 activities which include a focus on women also complement SO 1 activities to improve women's/children's health, and SO 9 activities to improve governance.

### **Strategic Objective No. 9 -- Strengthened Institutions of Democracy**

The existing strategy (SO3) focuses almost entirely on local level democracy issues affecting women and the rural poor. These activities include awareness of legal rights of women that are often violated in rural areas; local level alternative dispute resolution for people who do not have access to the formal judicial system; elections and voter education; advocacy of interest of women and the rural poor to local level government programs and institutions; strengthening local elected bodies; and strengthening independent garment worker unions.

Gender is a key component of each IR making up the new strategy (SO9), but overall the new SO, has shifted away from local level democracy promotion to national policies, institutions, and constituencies. Therefore, while this program still strongly supports and responds to gender issues, it no longer has the direct connection to women's issues on an individual basis that the previous SO did.

Some examples of gender issues being addressed currently (or to be addressed soon) under the new strategy include:

- IR1 (local government): integration of newly elected women union council members into the local government structure and the responsiveness of local government to constituents, both women and men.
- IR2 (Parliament): civil society advocacy to Parliament of reform issues such as women's reserved seats in Parliament or legislation on revamping the education system (primarily ESF-funded through the South Asia Regional Democracy Fund).
- IR3 (human rights): trafficking (SARI), violence against women, child labor



Gender issues are highly significant in the work of NGOs and civil society; civil society attention to women's issues fills a critical void left by the government's lack of serious attention to gender problems and violations. Our new strategy uses civil society to affect national level democracy and governance issues, seeking to more broadly impact the lives of women in Bangladesh. The attention and importance civil society give to gender issues was the main reason we have engaged it to implement our program initiatives.

We do not expect to have a new performance monitoring plan in place for some time, but with the focus of our new strategy being on affecting national change, rather than at the individual level, we envision that many of our activities will not easily lend themselves to gender disaggregation. However, wherever possible we will collect gender specific data.

There is broad complementarity between gender-related activities under SO9 and other Mission SOs. Addressing democratic and human rights of women reinforces other gender-related activities such as gender-based income generation and improving women's access to health care, and vice-versa.



## Appendix C: Biodiversity/Tropical Forest Assessment for Bangladesh

### Section 118/ 119 Analysis for Five-Year Strategy

#### *I. Executive Summary*

Bangladesh, despite its relatively small size, is endowed with a surprisingly rich heritage of plant and animal species. According to a study by the International Center for Integrated Mountain Development (ICIMOD), about 5,700 species of angiosperms are available in Bangladesh. The floodplains of Bangladesh represent one of the world's most important wetlands – home to hundreds of species of fish, plants, and wildlife and critical habitat for thousands of migrating birds. The mangrove forest of the Sunderbans is the world's largest single tract of mangrove and extends across the border into the Indian state of West Bengal. The Sunderbans – a World Heritage Site – supports numerous and diverse animals, including Royal Bengal tigers, 270 species of birds, amphibians and 50 species of reptiles, and 42 species of mammals including rhesus monkeys, spotted deer, and wild boars.



Forests represent one of the major sectors of renewable resources in Bangladesh, yet these forest resources are also among the most vulnerable. According to the Bangladesh State of the Environment Report, 1999, actual forest cover is approximately 1 million hectares, or only about six per cent of the total land area. Under the management of the Department of Forests, there are three main types of forests in three separate zones. These are: (1) tropical evergreen or semi-evergreen hill forests in southeastern Chittagong, Chittagong Hill Tracts, and northeastern Sylhet district; (2) deciduous forests in central Bangladesh; and (3) tidal mangrove forests, including the Sunderbans, in the southwestern Khulna district and the southern coastal belt. The hill forests account for 47 per cent of the forest area and supply around 40 per cent of the commercial forest production.

Pressures on Bangladesh's biological patrimony are intense and growing due to population growth, overexploitation, and agricultural expansion onto marginal lands. The estimated population of Bangladesh in 1998 was about 126.5 million. The total area of Bangladesh is 147,570 km<sup>2</sup>, an area roughly the size of the state of Wisconsin and a deltaic geomorphology similar to the state of Louisiana. The population density is about 900 persons per km<sup>2</sup> – one of the highest in the world. Even with a steady decline in fertility, the country's population is expected to reach about 170 million by the year 2010 - with density increasing to 1200 persons per km<sup>2</sup> - resulting in even greater pressures on the remaining natural resources in the country.

The floodplains of Bangladesh have been largely converted to rice production or used as source of prawn or fish and prawn. With an annual catch of almost 500,000 metric tons of fish and prawn, the floodplains and wetlands serve as an important source of income for millions and for the poorest members of the community, are a crucial source of nutrition. The people and Government of Bangladesh (GOB) have increasingly recognized that these wetlands are in decline. Alarming, despite a decade or more of GOB and donor interventions, the inland



fisheries and floodplain catch, as well as the overall plant and animal biodiversity within the floodplains, continue to decline.

Recognizing both the importance of conserving Bangladesh's biological resources and the need for new approaches to floodplain, wetlands, and forest conservation and management, USAID/Bangladesh and the GOB have jointly developed a program called Management of Aquatic Ecosystems through Community Husbandry (MACH) and are working together to establish a Tropical Forest Conservation Trust Fund under the auspices of the Tropical Forest Conservation Act (TFCA).

The goal of MACH is to ensure the sustainable productivity of all wetland resources – water, fish, plants, and wildlife—over an entire wetland ecosystem (including beels, seasonal wetlands, rivers and streams). MACH seeks to achieve this goal by demonstrating the viability and value of a community-based approach to natural resource management and habitat conservation. Recognizing that the reduction of fishing pressure is likely to be a critical part of reviving the wetlands fisheries, MACH has included supplemental income-generating activities that will be focused on fishers and others directly dependent on fishing for their livelihoods.

Over the past 20 years, Bangladesh has lost 30 to 50 percent of its forests. At the present time, only 6-7 per cent of the landmass has actual tree cover, and forest loss continues. To help protect the remaining tropical forests and the biodiversity they contain, the Bangladesh Tropical Forest Conservation Fund will support conservation and management of Bangladesh's remaining tropical forest resources.

## ***II. Biodiversity Status and Trends***

Bangladesh has a wide variety of plants and animals, although this wildlife is increasingly threatened. Primates and carnivores are becoming increasingly rare and the Royal Bengal tiger is restricted to the Sunderbans. The avifauna is reported to include over 630 bird species, of which 13 wetland and 13 other bird species are threatened. The Indian python (*Python molurus*) is reported to be vulnerable. Bangladesh has a rich diversity of fish species (at least 735 species are reported to occur), of which 15 are threatened. The present status of plant and animal species in Bangladesh is shown in Table 1.

**Table 1. Status of Biodiversity in Bangladesh.**

	<b>Total</b>	<b>Extinct</b>	<b>Threatened</b>
Flora			
Angiosperms	5700		
Pteridophytes	1700		
Fauna			
Mammals	154	12	16
Birds	630	5	26
Reptiles	154	10	11
Amphibians	23	-	2
Fish	735	-	15





### ***III. Principal Threats to Biodiversity***

Loss of biodiversity is driven in large part by overall loss of critical habitat, which in turn results directly or indirectly from Bangladesh's expanding human population growth. Most of Bangladesh's tropical forests and almost all of the freshwater floodplains have been impacted by human activity. The requirements for food and shelter have frequently been resulted in activities that are detrimental to the natural resource base. As reported in the MACH 1999 Semiannual Report, these include:

- Continuing clearing of forests and riparian zones for profit or to access new land within Bangladesh.
- Continuing water extraction upstream in Nepal, India, Bhutan and Tibet, reducing dry season water flows
- Rapid expansion of dry season or 'boro' rice culture, resulting in increased extraction of dry season water for paddy irrigation and loss of over 50 per cent of the dry season beel area in portions of the country.

Fish production trends from the past 10 years show a sharp decline in the mid-80's followed by a slow but steady decrease. Overall floodplain catch particularly in large species has declined by 40-60 per cent from what it was 20 years ago. From these trends, it is predicted that 20 per cent or more of the current inland catch will disappear unless remedial steps are taken. A significant decline in the diversity of the remaining aquatic species will be linked directly to this loss.

A similar loss of forests is occurring. Key causes of biodiversity loss in these habitats include:

- Lack of effective protection measures for environmentally critical areas.
- Lack of experience with development and implementation of management plans for protected areas. Most parks are paper parks.
- No effective management authority at the field level.
- Limited or no participation by local communities in resource use decision-making.
- Inadequate information on the status and functioning of critical ecosystems.
- Limited opportunities for alternative sustainable livelihoods.
- Limited public awareness of environmental issues.
- Lack of technical knowledge and training in sustainable management of renewable natural resources.
- Absence of effective enforcement and prosecution of environmental laws and regulations.

### ***IV. Institutional Constraints and Needs***

A framework of laws and treaties should provide a framework for the protection of Bangladesh's biodiversity and tropical forests. Indeed, at this time, Bangladesh has signed, ratified, and accessed 27 international conventions and protocols related to environment and development. As a signatory to these conventions and protocols, the GOB needs to implement them at a national and local level. The status of a few of the key international conventions and national initiatives pertinent to biodiversity and tropical forest conservation are outlined below:



- **Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention)** Bangladesh ratified the Ramsar Convention in 1992, and as a party has taken steps to stem the encroachment and loss of wetlands. Very recently, in a related development, the GOB has declared parts of the Sunderbans mangrove forest as a “World Heritage Site,” helping ensure the protection and sustainable management of this globally important wetland forest.
- **Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)** Bangladesh signed and ratified the CITES convention in 1981 and 1982 respectively. The convention is designed to protect certain endangered species from overexploitation by means of introducing restrictive export/import regimes, but limited progress has been made in Bangladesh in implementing this convention.
- **Convention on Biological Diversity** Signed in 1992 in Rio, the objectives of the CBD Convention are to conserve biodiversity, and promote sustainable use of its components and a fair and equitable sharing of the benefits arising out of the use of genetic resources. The convention also provides for measures to establish protected areas, integrate biodiversity in national plans and policies, and protect traditional cultural activities. Some initial activities to implement the convention in Bangladesh have begun. In particular, as a party to the Convention, Bangladesh has an obligation to develop its national strategy and programs or plans for conservation and sustainable use of biodiversity. Funding from the Global Environment Facility (GEF) has recently been approved to support the preparation of the Bangladesh Biodiversity Action Plan, and the International Union for the Conservation of Nature (IUCN) will provide technical assistance in its development.
- **Agenda 21** Signed in 1992 at Rio, Agenda 21 provided a global consensus and framework for action to address key environmental and development issues. To implement the recommendations of Agenda 21 and address its environmental problems, Bangladesh launched development of a National Environmental Management Action Plan in 1991. The NEMAP process, involving widespread consultation with a broad range of stakeholders, resulted in the development of action plan that provides a framework for the formulation of policies and implementation of programs aimed at building public awareness of environmental issues, improving management of natural resources, and reversing the trend of environmental degradation. The \$26 million Sustainable Environment Management Program (SEMP), launched in 1998, represents the first follow-up action to NEMAP. The objective of SEMP is to strengthen the capacity national and local government, and local communities, in natural resources management and sustainable use of natural resources.
- **GOB Fifth Five Year Plan (1997-2002)** In the Fifth Five Year Plan, there is a commitment on the part of the government to the implementation of International Conventions and Protocols related to the environment, as well as other national policies and plans approved by the GOB.
- **Bangladesh Environmental Conservation Act (1995)** The ECA is currently the main legislative framework document relating to environmental protection in Bangladesh. The main objectives of the ECA are focused on conservation and environmental protection and controlling and mitigating pollution. ECA includes provisions for



declaring Ecologically Critical Areas and providing restrictions on the operation and actions that can be carried out in these areas. ECA also provides for the formulation and declaration of environmental guidelines and the regulation of pollution. The Department of Environment, a new and relatively weak department under the Ministry of Environment and Forests, has been assigned responsibility for implementing the ECA.

- **Bangladesh National Environmental Management Action Plan (1996)** Through a participatory process led by NGOs and participated by grassroots people, Bangladesh developed the NEMAP. NEMAP includes the list of all environmental problems facing Bangladesh. Although a full-fledged priority-setting exercise is yet to be done, NEMAP is being implemented through an ambitious UNDP-World Bank initiative called Sustainable Environmental Management Project (SEMP), which focuses on 28 sectors.

The current GOB institutions involved with the implementation of environmental policies and plans are: Planning Commission, Ministry of Environment and Forests (Department of Forest, Department of Environment), Ministry of Agriculture, Ministry of Fisheries and Livestock, and the Ministry of Water Resources. Quasi-government institutions such as Bangladesh Institute of Development Studies (BIDS), Bangladesh Agricultural Research Council (BARC) and Bangladesh Agricultural Research Institute (BARI) and leading NGOs such as Bangladesh Rural Advancement Committee (BRAC), Bangladesh Unnayan Parishad (BUP), and Bangladesh Center for Advanced Studies (BCAS), and a number of grassroots bodies are working mainly in the field of development and environment.

Unfortunately, evidence shows that despite this substantial policy framework, biological resources are being lost. The values of biodiversity are among the least appreciated, and in economic terms, poorly valued natural resources. There is no simple answer to this problem. A number of policy and program initiatives and improved institutional efforts will be necessary to help reverse this trend.

## ***V. Agenda for Action***

Unmistakable signs of environmental stress in Bangladesh are now cause for serious concern. They include loss of aquatic resources upon which rural people depend for their livelihoods, continuing degradation and loss of forests cover, siltation of waterways, and growing scarcity of water during the dry season. Pressures from a growing population and the need to expand the national economy are causing people to overexploit the natural resources at their disposal in order to satisfy immediate daily needs, increase revenues, and avoid difficult political decisions. As a result, depletion rates of fisheries, forests, and other crucial resources far exceed renewal rates, and secondary problems such as soil erosion, sedimentation, and water shortages during the dry season are reaching critical levels. Without prompt management actions, these demands will result in increasing degradation of the environment and loss of biodiversity and have serious negative implications for the medium and long-term economic development of Bangladesh.

USAID/Bangladesh is playing an important role helping preserve tropical forests and biodiversity in Bangladesh. MACH is helping promote the conservation and sustainable management of Bangladesh wetlands – home to hundreds of species of fish, wildlife and plant species and critical habitat for migratory birds. Through the TFCA, USAID/Bangladesh will help improve the



USAID Bangladesh

Strategic Plan FY 2000 - FY 2005

conservation of sustainable management of Bangladesh's important, yet threatened, tropical forests.

## Appendix D

# Results Framework for USAID/Bangladesh FY 2000 - FY 2005



## **Mission Goal: Poverty Reduced through Sustainable Economic Growth**

### **Indicators**

1. National incidents of poverty reduced
2. Average annual GDP growth rate increased and maintained

### **Targets**

25%  
7% increase  
(2005 -2010)

SO 1: Fertility Reduced and  
Family Health Improved

SO 5: Growth of Agribusiness and Small  
Businesses

SO 6: Improved Management of Open  
Water & Tropical Forest Resources

SO 7: Improved Performance of Energy  
Sector

SO 8: Improved Food Security for  
Vulnerable Groups

SO 9: Strengthened Institutions of  
Democracy

# SO 1: Fertility Reduced and Family Health Improved

## Indicators

1. Total fertility rate
2. Infant and child mortality rates
3. Non-polio acute-flaccid-paralysis rate
4. HIV sero-prevalence

## Targets for 2005

2.8 Children per woman  
 57 per 1000 infant and 80 per 1000<5years  
 0 cases  
 Maintained at its current level of

**IR 1.1: Increased use of high-impact elements of an "Essential Service Package" among target populations, especially in low-performing areas**

INDICATOR 1:  
 Contraceptive prevalence rate (modern methods), by method, age and source

INDICATOR 2:  
 Immunization rates for children under 1, all antigens, in target populations

INDICATOR 3:  
 NIDS coverage

INDICATOR 4:  
 Sales of ORS

**IR 1.2: Increased knowledge and changed behaviors related to high-priority health problems, especially in low-performing areas**

INDICATOR 1:  
 Percent of potential clients who know the pros and cons of major family planning methods

INDICATOR 2:  
 Duration of exclusive breastfeeding

INDICATOR 3:  
 Percent of high-risk populations who know specific HIV-prevention measures

**IR 1.3: Improved quality of services at NIPHP facilities**

INDICATOR 1:  
 Percent of NIPHP clinics with at least "acceptable" compliance with service-delivery standards

INDICATOR 2:  
 "Crude" and "valid" immunization coverage, all antigens, children under one

INDICATOR 3:  
 Increasing number of ANC visits per pregnancy

**IR 1.4: Improved management of NIPHP service-delivery organizations**

INDICATOR 1:  
 Percent of facilities with satisfactory revolving drug funds

INDICATOR 2:  
 Average monthly percent of NIPHP facilities with stock-outs of one or more contraceptives

**IR 1.5: Increased sustainability of NIPHP service-delivery organizations**

INDICATOR:  
 Percent of UFHP/RSDP clinic operating costs recovered from fees per year

# SO 5: Growth of Agribusiness and Small Business

## Indicators

1. Sales growth
2. Exports growth
3. Jobs growth

## Targets for 2005

\$108 million  
\$ 54 million  
50,000

### **IR 5.3: Stronger market/product development.**

Indicator 1: Number of enterprises that enter new geographic markets.

Indicator 2: Number of enterprises that introduce new products of services.

### **IR 5.4: Improved products and services.**

Indicator 1: Number of enterprises that improve product/service quality.

Indicator 2: Number of enterprises that reduce unit production costs.

### **IR 5.5: Increased access to capital.**

Indicator 1: Value of capital raised from all external sources.

### **IR 5.1: More market-oriented policies, laws, and regulations.**

Indicator 1: Number of new market oriented policies, laws, regulations and practices adopted by Government.

### **IR 5.2: Stronger business support institutions.**

Indicator 1: Value of capital provided by USAID-assisted financial intermediaries.

# SO 6: Improved Management of Open Water & Tropical Forest Resources

## Indicators

1. Area of floodplain where sustainable management is being implemented.
2. Increase in production of floodplain resources.
3. Increase in biodiversity of floodplain resources.
4. Area of tropical forest areas conserved and sustainable management being implemented.

## Targets for 2005

10,000 ha  
80 kg/ha  
50 species  
TBD

### **IR 6.1: Improve Floodplain Resource Management Practices**

Indicator 1: Floodplain Management Organizations (FMOs) established.

Indicator 2: Improved floodplain resource management established.

### **IR 6.2: Increase Public Awareness**

Indicator 1: Development and adoption of policy guidelines at local level.

Indicator 2: Community awareness of the need for renewable resource management.

### **IR 6.3: Generate Supplemental Income**

Indicator 1: Community groups involved in alternative income generating activities.

### **IR 6.4: Improved conservation and Management of Tropical Forest Resources**

Indicator 1: Tropical forest resources conservation foundation formed and active.

Indicator 2: Improved tropical forest conservation and management practices implemented.

# SO 7: Improved Performance of Energy Sector

A.

Indicators and Targets To Be Determined

## **IR 7.1: Increased institutional capacity to make decisions in clean energy development**

Indicator 1: Progress in unbundling of transmission

Indicator 2: Reduced systems loss in distribution of electricity

Indicator 3: Small power generation stations functioning

## **A. IR 7.2: Improved enabling environment**

Indicator 1: Natural gas act finalized and submitted to the cabinet

Indicator 2: Power sector reform act finalized and submitted to the cabinet

Indicator 3: Implementing regulations ready for approval

Indicator 4: Improved contract implementation and management

Indicator 5: Policy-makers and professionals better informed of energy sector reform

Indicator 6: Development of guidelines for open market policies

## **IR 7.3: Increased public support for energy sector reform**

Indicator 1: Public awareness of energy sector reform and open energy market policy increased



## SO 8: Improved Food Security for Vulnerable Groups

### Indicators

1. Percent of households consuming minimum daily food requirement
2. Percent decrease in staple food transport costs in target areas
3. Percent of people in target areas with access to emergency relief supplies

### Targets for 2005

59.3% of households  
40% decrease in transport cost  
90% of people with access

### **IR 8.1: Improved Public Food Management Policy**

Indicator 1: % of Public Food Distribution System food going to targeted programs

Indicator 2: % of food grains imported by private sector

### **IR 8.2: Improved Environmentally Sound Infrastructure in Target Areas**

Indicator 1: Km of farm to market roads upgraded for year round traffic

Indicator 2: Km of village roads rehabilitated

Indicator 3: # of tubewells installed

Indicator 4: # of latrines constructed

### **IR 8.3: Improved Disaster Preparedness in Target Areas**

Indicator 1: % of target area covered by NGO/Village community contingency plans

Indicator 2: % of target population with access to floodproofed facilities

## **SO9: Strengthened Institutions of Democracy**

Indicators and Targets for SO and IRs To Be Determined.

**IR 9.1: National  
constituency for strong local  
government developed**

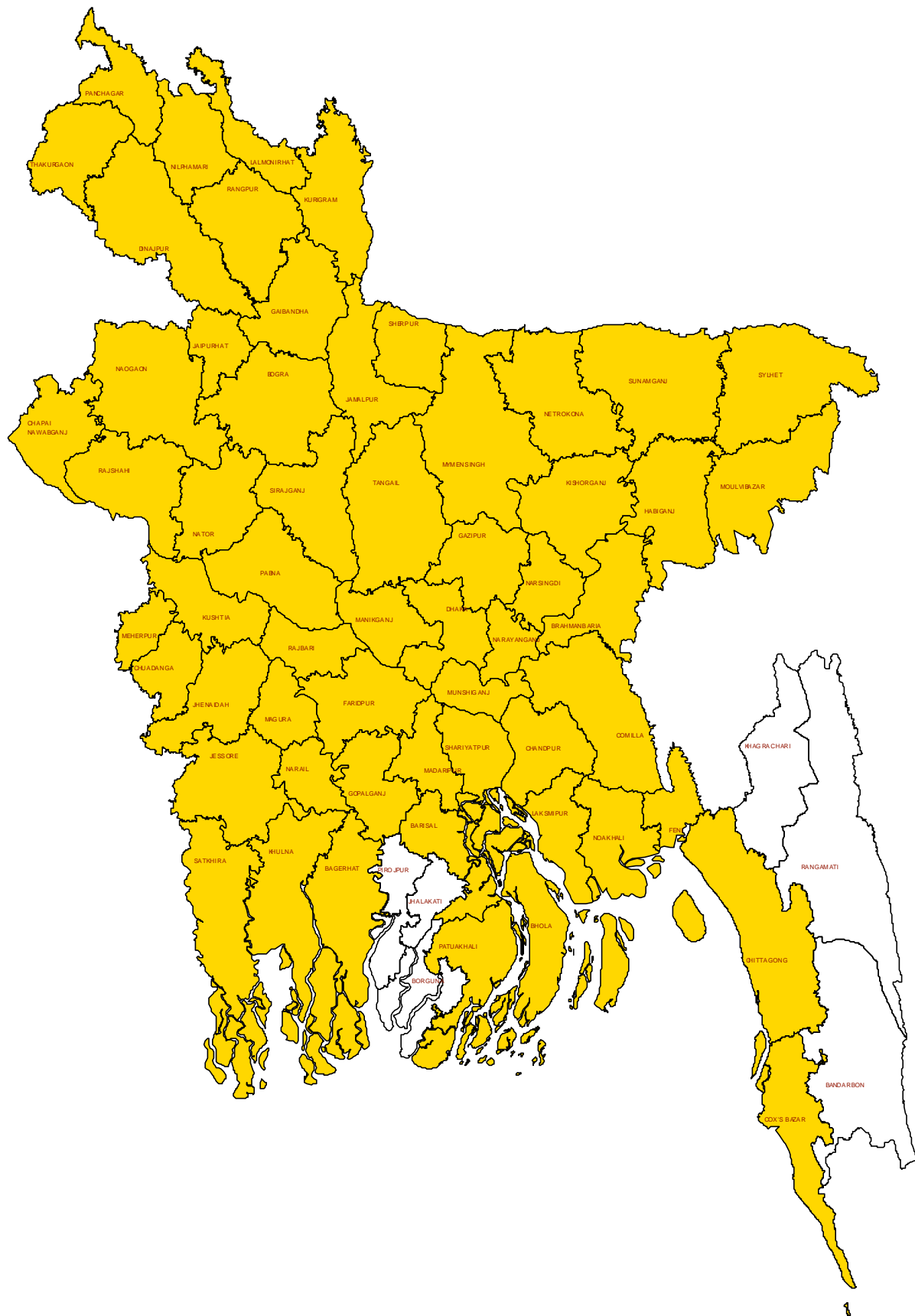
**IR 9.2: Greater responsiveness of  
Parliament to citizen input**

**IR 9.3: More effective civil society  
advocacy of human rights**

## Appendix E

# Maps of Strategic Objective Coverage

## SO 1: Fertility Reduced and Family Health Improved



**SO 5: Growth of Agribusiness & Small Business**

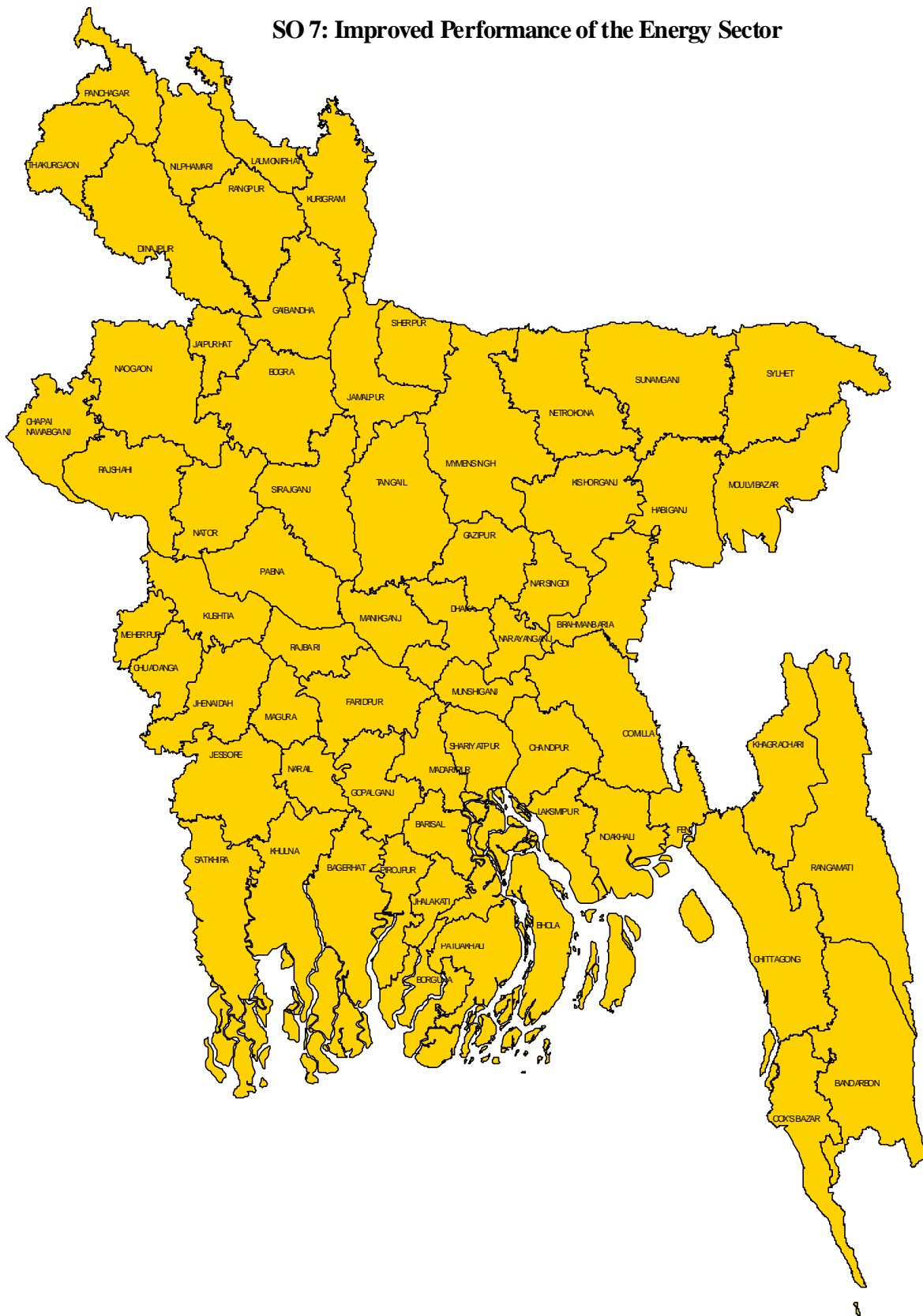
The map displays the following districts (from north to south, west to east):

- Panchagar
- Thakurgaon
- Nilphamari
- Lalmonirhat
- Rangpur
- Kurigram
- Dinajpur
- Gaibandha
- Sherpur
- Sunamganj
- Sylhet
- Netrokona
- Kishoreganj
- Habiganj
- Moulvibazar
- Rajshahi
- Natore
- Pabna
- Tangail
- Mymensingh
- Gazipur
- Narayanganj
- Brahmanbaria
- Chittagong
- Khagrachar
- Bandarban
- Cox's Bazar
- Patuakhali
- Bhola
- Barisal
- Magura
- Faridpur
- Munshiganj
- Shariatpur
- Chandpur
- Comilla
- Joypurhat
- Naogaon
- Jalpaiguri
- Malda
- Bankura
- West Medinipur
- East Medinipur
- North 24 Parganas
- South 24 Parganas
- Hooghly
- Howrah
- Kolkata
- West Bengal
- Odisha
- Madhya Pradesh
- Uttar Pradesh
- Nepal
- India



[illegible]

## SO 7: Improved Performance of the Energy Sector



[illegible]

## SO 9: Strengthened Institutions of Democracy



SO 9 is a National level activity which is aimed at policy issues that will impact on the entire country. There may be some local level activities whose location will be determined at a later date.





